Agenda Item 8

CALFED Finance Planning
Overview

1. Finance Options Report
   - Schedule
   - Relationship to 10 Year Plan

2. Ten Year Finance Plan
   - Process & Schedule
   - Status on Cost Estimates
   - Preliminary Finance Strategies

3. User Fee Update
Finance Options Report

Objective of the Report:

• Build an understanding of Program costs and benefits
• Provide reasonable and instructive finance options
• Provides tools to assist decision-makers, stakeholders, & beneficiaries
Draft Finance Options Report provides Foundation for 10 year plan discussion:

- Annual funding targets for each element and task/project
- Schedule and readiness of projects
- Potential benefits and beneficiaries
- Possible finance strategies for each element and task/project
Finance Options Report

Schedule:
• Final Finance Options Report adopted at October 2004 BDA meeting
• Comments due August 15th
• Late Breaking comments due September 15th

Outreach:
• Follow same process as proposed for 10 year plan
10 Year Finance Plan

Process for Stakeholder and agency involvement:

- Monthly BDA and BDPAC meetings
- Monthly Finance Plan public workshops
- Various ad hoc forums
- Possible Legislative Hearing(s)
10 Year Finance Plan

_Development of Work Products:_

- Initial funding targets, available funding & unmet funding needs
- Preliminary Finance Plan for first 7 Program Elements
- Final Proposed Finance Plan for all Program Elements
10 Year Finance Plan

Schedule
July – September
• Stakeholder & Agency input on funding targets, available funding, program priorities, cost sharing, and finance tools

October
• Final Proposed Finance Plan at BDA Meeting
# 10 Year Funding Targets & Unmet Needs

<table>
<thead>
<tr>
<th>Program Element</th>
<th>Funding Targets</th>
<th>Available Funding</th>
<th>Unmet Needs</th>
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<tbody>
<tr>
<td>Ecosystem Restoration</td>
<td>$1,701.3</td>
<td>$701.7</td>
<td>$999.6</td>
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<td>Environmental Water Account</td>
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<td>$122.9</td>
<td>$293.2</td>
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<td>Water Use Efficiency</td>
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<td>Water Transfers</td>
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<tr>
<td>Watershed</td>
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<tr>
<td>Drinking Water Quality</td>
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<td>$259.9</td>
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<td>Levees</td>
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<td>Storage</td>
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<td>Conveyance</td>
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<td>Science</td>
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<td>Oversight &amp; Coordination</td>
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<td>Subtotal</td>
<td>$7,102.1</td>
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**Potential Capital Projects**

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<tr>
<th>Project</th>
<th>Funding Targets</th>
<th>Available Funding</th>
<th>Unmet Needs</th>
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<tr>
<td>Surface Storage Construction</td>
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<td>Conveyance Construction</td>
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<td>Suisun Marsh Levees</td>
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<td>Total (including Levees)</td>
<td>$15,270.4</td>
<td>$3,638.2</td>
<td>$11,632.2</td>
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Finance Tools

For the Public Share
- State General Obligation Bonds
- General Funds
- Federal appropriations

For the User Share
- Self Liquidating GO Bonds
- State Revenue Bonds
- SWP contractor charges
- CVP contractor charges
- JPA Revenue Bonds
- Local matching contributions
- New State Administered Fees
Programs Best Suited to New Benefits Based Fee

- Fee is best suited to programs with diffuse water user benefits & not able to identify individual beneficiaries
  - Ecosystem Restoration
  - Environmental Water Account
  - Drinking Water Quality
  - Delta Levees
  - Watershed
New State Administered Fees

Fee versus Tax:

• Need a Nexus between level of benefits and amount paid in fees

• Each program in CALFED has different set of beneficiaries that would result in varying fee levels among water users
Preliminary Finance Strategies

Water Management
- Surface Storage Planning
- Surface Storage Construction
- Conveyance
- Groundwater Storage
- WUE (Conservation, Recycling, & Desalination)

Primarily public $, but other $s appropriate if beneficiaries willing to pay

Financing negotiated project by project based on willing beneficiaries

Primarily CVP and SWP financing. Existing bond fund available but limited scope/$

GW and WUE Grant Programs – Primarily local funding, Public cost share for broader statewide benefits
Preliminary Finance Strategies

Drinking Water Quality

Levees

Public $ for research & broad public benefits,
Local funding,
Water User Fee possible

Public $
Local Cost share Water User fee possible Boater
Fee possible
Preliminary Finance Strategies

Ecosystem Restoration Program

Environmental Water Account

Watershed

Public $ - Future State bonds & Federal appropriations, Water User fee possible, CVP Restoration Fund, Local cost shares

Public $, Water User $, water user fee possible

Public $ - Local funding, Water User fee possible
Preliminary Finance Strategies

Science

Public $ and mixture of all funding sources that support all Programs

Oversight and Coordination

Public funding – state & federal
User Fee

Status:
• Conference Committee Language
• Leadership Issue under negotiation
10 Year Finance Plan
Next Steps

• Feedback on Process and Schedule
• Refine funding targets and available funds
• Continue outreach thru BDPAC Subcommittees and other ad hoc forums
• Draft and distribute proposed cost sharing plan for 1st 7 Program Elements
• Hold Public workshop in July on first 7 Elements in preparation for August BDA meeting