

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

Finance Options Report & 10 Year Finance Plan

***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

Program Element	Funding Targets	Available Funding	Unmet Needs
Ecosystem Restoration	\$1,701.3	\$701.7	\$999.6
Environmental Water Account	\$416.1	\$122.9	\$293.2
Water Use Efficiency	\$2,236.3	\$1,348.2	\$888.1
Water Transfers	\$6.0	\$6.0	\$0.0
Watershed	\$123.0	\$51.6	\$71.4
Drinking Water Quality	\$264.4	\$4.5	\$259.9
Levees	\$489.8	\$61.4	\$428.4
Storage	\$1,034.5	\$952.6	\$81.9
Conveyance	\$338.9	\$143.6	\$195.3
Science	\$368.9	\$22.5	\$346.4
Oversight & Coordination	\$123.0	\$73.6	\$49.4
Subtotal	\$7,102.1	\$3,488.6	\$3,613.4
<i>Potential Capital Projects</i>			
Surface Storage Construction	\$5,658.9	\$0.0	\$5,658.9
Conveyance Construction	\$2,408.4	\$149.5	\$2,258.9
Suisun Marsh Levees	\$101.0	\$0.0	\$101.0
Total (including Potential Capital Projects)	\$15,270.4	\$3,638.2	\$11,632.2

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

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

Conveyance

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

Groundwater Storage

WUE (Conservation, Recycling)

Desalination

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

Financing negotiated project by project based on willing beneficiaries

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 \$
Local funding,
Water User fee
possible

Public \$, Water User \$,
water user fee possible

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

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