

Draft

10-Year Finance Plan

Prepared by the California Bay-Delta Authority

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Introduction

Based on direction from the California Bay-Delta Authority (Authority) and the Bay-Delta Public Advisory Committee (BDPAC) and consistent with advice given by the Finance Plan Independent Review Panel, Authority staff is working with stakeholders and agencies to develop a 10-year finance plan for the CALFED Program.

The need to do a comprehensive analysis of program objectives, future funding targets, and proposed cost sharing for CALFED is prompted by: 1) the fact that current funding sources (primarily bond funds) will soon be depleted, 2) the review of program benefits and beneficiaries is needed to support a benefits-based cost allocation as called for in the Record of Decision, and 3) the status quo approach to funding the Program primarily through State bonds is being challenged due to the current state fiscal crisis and the pressure by the State Legislature to expand the financial contributions from beneficiaries of the Program.

This effort is, inevitably, a controversial undertaking. Though the concept of beneficiary pays is broadly supported, the task of putting such a principle in place is a difficult one. There are many uncertainties regarding CALFED Program actions, targets, costs, and benefits – and cost-sharing arrangements can not be negotiated in the abstract. The CBDA recognizes the importance of working with state and federal agencies and interested stakeholders to develop a 10-year finance plan that acknowledges and develops processes to address the uncertainties, yet moves forward with cost-sharing proposals on those parts of the program where information is sufficient.

Attached are working draft straw proposals intended to suggest funding and cost-sharing targets for each of the Program's 10 elements. For some Program elements, the proposed funding and cost-sharing targets are specific, broadly supported and unlikely to change. For others, there are still significant unknowns and further discussions are needed. In all cases, the level of certainty on targets and benefits is higher in the near-term. For that reason, the Program element approach distinguishes between near-term and longer-term projections. It also embeds an adaptive management loop that identifies strategies for refining targets and allocations as better data becomes available.

These drafts – presented as informational items now – are informed by numerous meetings with stakeholders and agencies. These discussions have helped to increase the understanding of the finance issues facing the CALFED Bay-Delta Program. They also have helped to crystallize the overarching principles and guidelines used by staff and consultants to craft these straw proposals. These principles – summarized elsewhere in this document – should provide guidance to future discussions even as funding targets change or specific cost-sharing agreements are reached.

One final note: The 10-year finance plan is just that – a “plan.” To implement the plan, each element or project/action will either require Congressional authorization and appropriation, and State legislative and/or voter authorization and appropriation. Ideally, it will be a plan that all the CALFED agencies and stakeholders will embrace and can use to create a common voice for future CALFED Bay-Delta Program funding.

Schedule and Process

As noted already, the CBDA has dedicated significant resources to working with agencies and stakeholders to develop the information included in this draft 10-Year Finance Plan. These conversations have taken place at BDPAC and BDA, with BDPAC Subcommittees, and in a series of topic-focused ad-hoc meetings with stakeholder and agency representatives.

Below is a synopsis of the key meetings, schedule and work products – both in recent weeks and in the coming months. The steps below are intended to satisfy two needs: (1) ensure stakeholder and agency representatives are partners in the development of a 10-year plan; and (2) ensure a proposed plan is developed in time to meet Fall 2004 budgetary deadlines.

Developing initial funding targets and unmet funding needs. Draft information was prepared by Program Element and task including: proposed annual funding targets for a 10-year period, identification of available funding and remaining unmet needs, and preliminary finance strategies that describe the type of finance tools likely to support each Element. These papers were informed by a series of meetings with stakeholder and agency representatives, including:

- ***June BDA Meeting*** -- Presented summary of expected cost estimates, available funding and unmet needs.
- ***July 8th BDPAC Meeting*** -- Presented updated funding targets and available funding, described process and schedule, and reviewed preliminary finance strategies as presented at BDA in June.
- ***August 11th & 12th BDA Meeting*** -- Presented revised funding targets, discussed preliminary finance strategies, reviewed process and schedule, and highlighted issues.

Refining funding targets and framing issues. Issue Papers were developed for each Program Element laying out: likely activities and associated funding targets; current funding available; likely funding gaps, and key issues and options for cost-sharing arrangements to cover the unmet funding needs. Numerous meetings with agency and stakeholder representatives, including:

- ***August thru September*** – Met with agencies, stakeholders and public interests to identify funding issues and to the extent possible reach agreement on cost allocations.
- ***September 9th BDPAC Meeting*** – Presented and had in-depth discussion on Issue Papers. BDPAC meeting also served as public workshop to ensure broader input.

Preparing draft funding targets and cost-sharing arrangements. Working drafts developed for each Program Element laying out: funding and performance history, proposed funding target, existing funding, proposed allocations, and unresolved issues and considerations. Commentary included in each document to present both the rationale for targets and cost-shares. Agency/stakeholder meetings held – or to be held – in support of this work include:

- ***September***– Met with agencies, stakeholders and public interests to further discuss targets and possible cost-share arrangements.
- ***October 14th BDA Meeting*** -- Present 10-Year Finance Plan. As necessary, discuss remaining gaps/issues.

Next Steps

As noted earlier, the October BDA meeting is intended to familiarize members and the broader stakeholder and agency communities with the concepts and preliminary recommendations included in these straw proposals. The next step is to prepare a final set of proposals for review at a future BDA meeting.

The CBDA anticipates the following next steps:

- For any remaining issues not resolved, additional discussions will be held.
- For finance issues that have a 2005-06 state budget effect, final submittal to the Department of Finance will be prepared later this year in order for the issue to be reflected in the Governor's Proposed Budget for FY 2005-06.
- Legislative committees have expressed an interest in holding hearings on CALFED financing. If scheduled, the hearings are likely to be held in January.

It is worth noting that the Draft Finance Options Report prepared by staff and consultants and reviewed by the Finance Plan Independent Review Panel provided an important foundation for the evolving drafts of the 10-Year Finance Plan. Information from the Draft Finance Options Report informed early drafts and provided focus for stakeholder and agency review and comment. At this point, the CBDA does not anticipate finalizing the Draft Finance Options Report, but does expect it will continue to provide important background information for future discussions.

Finance Plan Overview

This section presents draft straw proposals for the CALFED program elements (a finance proposal for the transfers program is not included because there is no unmet need).

These working drafts represent staffs best cut at funding targets and allocations at this time. The proposals have evolved based on significant stakeholder and agency input and, in some cases, will continue to change in the coming weeks as new information is developed.

As noted earlier, it is important to emphasize that that the level of certainty associated with targets and benefits in the near-term (within the next three years or so) is higher than those associated with the out-years. There are many reasons for this uncertainty. Federal and state authorizations and appropriations are not yet determined. Locals are still assessing their willingness to pay based on an analysis of their expected benefits. The extent to which unused Proposition 50 funds can be earmarked for specific cost-shares is still under discussion. And evaluation of program performance and benefits to-date is ongoing and may impact future assessments of appropriate funding targets and cots-shares.

Recognizing this uncertainty, the draft 10 Year Finance Plan embraces an adaptive management approach. Each Program Element identifies critical uncertainties associated with its analysis and specific strategies to develop better information. Periodic evaluations are called for within each Program Element to ensure the ongoing revision, as appropriate, of funding targets and costs-shares.

Guiding Principles

The Bay-Delta Authority proposes the following finance principles be used in developing the 10-year finance plan and future finance efforts. These principles are generated from the discussion supporting the Draft Finance Options Report and as a result of more recent agency and stakeholder meetings on the 10-year finance plan.

1. **Support CALFED Solution Principles:** The CALFED solution principles should always be kept at the forefront of any Bay-Delta finance discussion. Finance agreements should be crafted in a way deemed equitable, affordable, and durable. They should not result in significant redirected impacts and they should reduce Bay-Delta system conflicts.
2. **Follow a Benefits-Based Approach:** In developing finance allocations, the fundamental principle from the Record of Decision of beneficiaries-pays will be emphasized. All cost allocations will attempt to correlate program benefits with the groups receiving the benefits and recover cost accordingly.
3. **Public and User Benefits:** All CALFED Bay-Delta Program benefits can be divided into two broad categories: public and resource user. The general public includes state

and federal taxpayers and the resource users include water users, other local agencies, recreation, commercial fishing, flood protection and hydropower recipients. While there is often a lack of specific data to draw a clear line between the amount one group benefits vs. another – it is important to maintain the distinction to ensure a benefits-based approach. For example, the lack of State General Fund dollars that would be used to support State public benefits should not be addressed by increased user fees.

4. **Reasonable Funding Targets:** All CALFED agencies and stakeholders should strive to identify funding targets for the CALFED Bay-Delta Program that can meet program objectives, but have also focused on the highest priorities and maximized program efficiency. Additional funding for the Program should be requested from State or federal sources or from resource users only after reasonable funding targets have been developed. In addition, while Program performance will increasingly be judged in future years by programmatic performance measures (i.e. fish populations, reduced flood damages in the Delta); inevitably one form of balance across the CALFED Program will continue to be the available funding to meet the funding targets – which further supports the need for funding targets to reflect high priorities and increased efficiencies.
5. **Periodic Evaluation:** In many, if not all Program elements, additional information is being developed that will better direct program priorities and as a result could modify proposed funding targets and allocations. Therefore, the Finance Plan should explicitly identify the timing for a check-in and the process for review of the program element priorities. In those programs where there is substantial uncertainty, the Finance Plan will identify a near-term and long-term approach to financing.
6. **Develop Accounting System to Review Program Benefits and Costs:** Once the Finance Plan funding targets and cost allocations are proposed, a system needs to be developed as part of the Plan that tracks the link between program benefits and revenue. This system will allow program contributors to look back on program spending to determine if contributions have been beneficial to the program and should be continued or not.
7. **Use of Available Bond Funding.** Public funding already dedicated to support CALFED Program elements should be exhausted before identifying cost-share allocations for additional beneficiaries.
8. **Federal cost share.** If federal spending is authorized but not yet appropriated, a federal cost-share is included in the proposed allocations. If no federal authorization exists, federal cost-share is eliminated or reduced to reflect the limited authority.
9. **Dividing Public Share.** State and federal cost-shares should be split 50/50 – in recognition of broad public benefits – unless an analysis can demonstrate that either the California or U.S. public is garnering a greater share of the benefits, or if the federal authorization is limited.

10. **Allocation within CVP and SWP.** Cost-share arrangements are limited to allocating costs among the state and federal governments, water users such as CVP and SWP, and locals. The Finance Plan does not attempt to allocate shares within an individual user group such as the SWP.
11. **Appropriate Use of Public Funds.** Public funding should be made available for projects that generate public benefits and funding should be commensurate to the level of public benefits received. It can be assumed that locally cost-effective projects will eventually be implemented. However, public dollars can be provided for those projects if it accelerates or enhances public benefits beyond those that would accrue if it were a purely locally funded initiative.
12. **Benefit-Based Grant Programs.** For grant programs, the funding splits are presented as average figures, but actual cost shares are to be determined on a case-by-case basis. For example, in the Water Use Efficiency Program, the draft straw proposal assumes an aggregate cost share on agricultural water conservation of 40% local and 60% state/federal. The actual cost-share on any individual project would be determined based on analysis of that project's benefits.

Funding Targets

As part of the 10 year finance plan, the funding targets originally included in the CALFED Record of Decision (ROD) were reviewed and updated based on a review of several factors: program actions needed to meet program objectives, program priorities, revised schedules, and in several cases (Water Conservation and ERP) a "budget constrained" funding target was developed to reflect the fiscal realities expected in the next 5-10 years. Summarized below are the original ROD targets and the new 10Year Finance Plan targets. As indicated, the target for every program was reduced (except for a minor increase in Science) resulting in an overall reduction of 40% on an average annual basis. Each Program Element Straw Proposal includes information that describes the basis for the new target. In the November Finance Plan further explanation for the reduction will be provided and summarized.

Finance Plan and ROD Targets				
(\$ in millions)				
Program Element	Average Annual ROD Target	Average Annual Finance Plan Target	Difference	% Change
Ecosystem Restoration	\$202.9	\$150.0	-\$52.9	-26.1%
Environmental Water Account	\$50.0	\$40.7	-\$9.3	-18.5%
Water Use Efficiency	\$422.3	\$254.9	-\$167.4	-39.6%
Water Transfers	\$2.1	\$0.6	-\$1.5	-72.0%
Watershed	\$42.9	\$25.0	-\$17.9	-41.7%
Drinking Water Quality	\$96.4	\$57.0	-\$39.5	-40.9%
Levees	\$63.4	\$43.6	-\$19.8	-31.3%
Storage	\$203.6	\$108.9	-\$94.7	-46.5%
Conveyance	\$131.6	\$19.5	-\$112.1	-85.2%
Science	\$42.9	\$44.0	\$1.1	2.7%
Oversight & Coordination	N/A	\$12.0		
Total	\$1,258.0	\$756.1	-\$501.9	-39.9%

Summary of Unmet Needs and Proposed Funding Allocations

The Tables below are a summary of the program element tables provide as part of each Straw Proposal. The Tables show a remaining 20% (\$1.5 billion) funding gap for several reasons:

- The funding gaps remain in the near –term for most programs because of the delay for several years before a new State bond is expected to be approved or new water user contributions are received.
- Cost allocations to cover the gap have not been proposed for several activities-- WUE (recycling); Drinking Water Quality, and Science (Interagency Ecological Program).

Based on the available funding and the proposed allocations the CALFED Program costs over 10 years are shared as follows:

- 27% State taxpayer
- 19% Federal taxpayer (nonreimbursable)
- 11% Water User
- 23% Local Grant matching
- 20% Unallocated Funds / Remaining Gap

**CALFED Bay-Delta Program
Proposed 10-Year Finance Plan
(\$ in millions)
October 7, 2004**

Program Element	Funding Target	Available Funding				Available Funding Total	Unmet Needs	Proposed Funding for Unmet Needs				Proposed Additional Funding	Remaining Gap
		State	Federal	Water User	Local Match			State	Federal	Water User	Local Match		
Ecosystem Restoration	\$1,500	\$150	\$3	\$200		\$353	\$1,147	\$392	\$405	\$200	\$150	\$1,147	
Environmental Water Account	\$407	\$90				\$90	\$318	\$82	\$124	\$112		\$318	
Water Use Efficiency	\$2,549	\$287	\$12			\$300	\$2,249	\$110	\$234		\$681	\$1,025	\$1,224
Water Transfers	\$6	\$6				\$6							
Watershed	\$250	\$47				\$47	\$203	\$70	\$95		\$38	\$203	
Drinking Water Quality	\$570	\$23	\$0.50	\$3		\$26	\$543	\$50	\$153	\$195.0	\$98	\$496	\$47
Levees	\$436	\$41	\$0.20		\$4	\$45	\$391	\$147	\$161	\$27	\$49	\$384	\$8
Storage	\$1,089	\$142	\$3		\$263	\$408	\$681	\$137	\$34	\$9	\$441	\$621	\$60
Conveyance	\$195	\$66		\$19		\$85	\$110	\$39	\$6	\$52		\$97	\$13
Science	\$440	\$37	\$9	\$13	\$0.4	\$59	\$381	\$105	\$135			\$240	\$141
Oversight & Coordination	\$120	\$72	\$2			\$74	\$47	\$21	\$23			\$43	\$3
Total	\$7,561	\$960	\$29	\$278	\$267	\$1,534	\$6,027	\$1,060	\$1,415	\$590	\$1,465	\$4,530	\$1,497

**CALFED Bay-Delta Program
Proposed 10-Year Finance Plan
(\$ in millions)
October 7, 2004**

Program Element	Funding Target	State	Federal	Water User	Local Match	Remaining Gap	Total Funding
Ecosystem Restoration	\$1,500	\$450	\$453	\$447	\$150		\$1,500
Environmental Water Account	\$407	\$171	\$124	\$112			\$407
Water Use Efficiency	\$2,549	\$398	\$246		\$681	\$1,224	\$1,325
Water Transfers	\$6	\$6					\$6
Watershed	\$250	\$116	\$95		\$39		\$250
Drinking Water Quality	\$570	\$73	\$154	\$198	\$98	\$47	\$522
Levees	\$436	\$188	\$161	\$27	\$53	\$8	\$428
Storage	\$1,089	\$279	\$37		\$712	\$60	\$1,028
Conveyance	\$195	\$105	\$6	\$71		\$13	\$182
Science	\$440	\$142	\$144	\$12		\$142	\$298
Oversight & Coordination	\$120	\$93	\$24			\$3	\$117
Total Dollars	\$7,561	\$2,020	\$1,444	\$868	\$1,733	\$1,497	\$6,064
Total by Percent	100%	27%	19%	11%	23%	20%	80%

Major Issues

1. **Water User Contributions for ERP, EWA, and Levees.**

The Finance Plan includes new water user contributions for ERP, EWA and Levees. For each program there are water user concerns regarding the appropriate water user share, which water users should contribute, and when the contribution should begin. (See Table below for schedule associated with new water user contributions)

2. **Likelihood of Increased Federal Share.**

At this time the Federal Authorization bill has passed Congress and is expected to be signed by the President. Although the Authorization bill provides for increased Federal contributions, and this Finance Plan only includes Federal funding that is consistent with the authorization, there is general concern that the Federal appropriation increase will be difficult to receive starting in Year 6 (Federal FY 2006) as well as in future years. With the decline of State funding from existing State bonds, and the delay in new bond funding until Year 8, increased Federal funding in Years 6 and 7 are critical to many program elements.

3. **Reliance on New Water Bond by Year 8 (FY 2007-08)**

This Finance Plan assumes the earliest a new Water Bond could be approved by the voters is November 2006, and therefore would not be available for appropriation until the following year FY 2007-08. However, it may be possible to develop budget proposal for the FY 2006-07 Fiscal year in anticipation of passage.

4. **Near-term Funding Gap**

With the existing State bond funding being expended in most cases by Year 6, a funding gap results even with an assumed increase in federal funding. The Finance Plan does not include proposals to fill the near-term funding gaps for all Program Element, except for ERP, EWA and Levees. For ERP and EWA it is critical to maintain the proposed funding level as required as part of the regulatory assurances. For the Levee program, maintaining funding is necessary while the program is under evaluation in order to minimize additional flooding and levee breaks in the Delta. The Levee Program is the only program in which a possible General Fund increase is proposed to address a funding gap

5. **Water Recycling Funding Allocation**

The recycling program is the only major program activity in the Finance Plan that does not include a proposed funding allocation in this draft. As a result, the summary tables in this section show a large funding gap for this program. Additional discussion is needed with the CALEPA, the SWRCB, and interested stakeholders to develop the proposed allocation to include in the November Finance Plan. by the

Funding Assumptions and Timing

Year 5	<ul style="list-style-type: none"> • Federal. Federal authorization is signed
Year 6	<ul style="list-style-type: none"> • Federal. Assume increase funding from federal government to cover proposed share.
Year 7	<ul style="list-style-type: none"> • State. Possible General Fund request for Levee Program and other critical needs as identified • Water users. Water User contribution for ERP proposed to begin
Year 8	<ul style="list-style-type: none"> • State. New state revenue from state water bond funding assumed available • Water User. New water user contributions for Levees and EWA assumed to begin; EWA fee tied to operations of permanent barriers

Drinking Water Quality

Background and Funding History

The Water Quality Program consists of the Drinking Water Quality Program and the Environmental Water Quality Program. The Environmental Water Quality Program is included as an element of the Environmental Restoration Program Straw Proposal and thus its detailed information is located in that section. The remainder of this text is focused on the Drinking Water Quality Program, but does contain ties to the overall Water Quality Program.

The Drinking Water Quality Program (DWQP) goal is to provide good water quality for the millions of Californians who rely on the Delta for all or part of their drinking water. One specific target is an “equivalent level of public health protection” (or ELPH) to the CALFED Record of Decision numeric targets for disinfection by-product precursors in the Delta. These goals recognize that there exist opportunities to improve water quality between source and tap, and has resulted in the program implementation strategy of developing regional water quality management plans (regional plans) to assist in identifying and prioritizing water quality improvement opportunities. Regional plans, which are the highest short-term priority for the program, will shape the program and its long-term funding needs. This 10-Year Finance Plan is therefore more accurate for the short-term, and will require revisiting as regional plans develop.

As noted in several of the finance meetings and BDPAC subcommittee meetings, there are activities and projects in other program elements (specifically ERP and Conveyance) that have significant water quality benefits. It has been suggested that it may result in a more effective water quality program if these projects were managed as part of the DWQP – and as a result the DWQP would be focused on all actions with the potential to improve water quality. Two of these projects, Franks Tract and Old River/Rock Slough Drainage Management, have been moved into this Finance Plan.

During the program’s initial four years of activity, funding for the DWQP (not including Franks Tract and Old River /Rock Slough projects) has averaged about \$23 million per year (ranging from a low of \$10 million to a high of \$40 million). However, funding has been limited to a subset of the DWQ activities due to funding constraints under the bond funds, leaving large parts of the program with little or no funding. For example, approximately 53% of the funding for the DWQP was for non-point source control projects managed by the SWRCB, and approximately 21% (\$20 million) was for San Joaquin Valley/Southern California Water Exchange. Roughly 91% of the funding has been provided by State funds (bonds and General Funds), with the remainder provided by grant matching through local, federal, and water user sources. This amount does not include the costs of drinking water quality activities carried out by other public and private organizations, independent of the CALFED Bay-Delta Program.

Franks Tract studies have received a small amount of funding (\$1.8 million) from Ecosystem Restoration Program funds in Proposition 13, to study potential fishery benefits. This resulted in the discovery of potential significant water quality benefits. Old River/Rock Slough Water Quality Improvement Projects (including Phase I of the Contra Costa Canal Encasement Project) have been funded primarily through state bond, USEPA, and SWP funding.

Proposed 10-Year Finance Plan

The DWQP proposes a funding target of \$570 million for 2005-2014. This 10-year cost estimate is built upon the activities identified in the Year 5-8 Multiyear Program Plan for the DWQP. The DWQP expects that these cost estimates could significantly change once the regional water quality management plans are completed and able to inform the program. It is also possible that some of the funding awarded under Proposition 50 Chapters 4, 5 and 8 could provide the state share of funding in Years 5 and 6 for some DWQP activities, commensurate with the funding of specific projects that meet DWQP objectives. The specific amounts will not be known until funding is awarded, in late Year 5 and early Year 6.

The funding target is broken down by component:

- Regional ELPH planning (\$12.6 million)
- Source improvement (\$500 million: \$295 million for directed actions, \$164 million for augmenting non-point source programs, and \$40.7 million for Conveyance projects that yield source improvement)
- Treatment (\$34.4 million)
- Science, monitoring, & assessment (\$15.7 million)
- Program management & oversight (\$7 million)

The DWQP is considering construction of other projects but at this point it is premature to develop cost allocations until more information on costs and benefits is available. For these Potential Capital Projects, a future timeframe and check in point, and a process for developing cost allocations when it is timely, will be included in the 10 year finance plan. These potential capital projects include: construction of the North Bay Aqueduct Alternative Intake, future phases of Franks Tract modifications, the Old River/Rock Slough Canal Encasement Phase II, relocation of the CCWD Old River Intake, and Treatment Technology Implementation. The estimates above do not include the funding for the Potential Capital Projects (approximately \$320 million).

Regional ELPH Planning

Funding targets

The Drinking Water Subcommittee (DWS) has recently made the completion of regional ELPH plans their top priority for the DWQP. The DWQP is currently funding three pilot regional planning efforts, and has funded the Bay Area Water Quality/Water Supply Reliability Project.

The funding target for Regional ELPH planning is \$12.6 million. This estimate is based on the Drinking Water Subcommittee's recommendation of \$2 million per plan, for five regions, and the cost of coordinating these efforts. Because of the priority to complete these plans soon in order to influence future priorities, the \$12.6 million is proposed to be scheduled in the first 3 years (Years 5 - 7). The DWS supports this estimate and schedule.

Proposed Allocations

The proposed funding allocation for this component is 50% public (state/federal) funding and 50% local cost share. A public cost share is considered necessary to ensure the regional plans are comprehensive in their approach and consider a range of inter-regional water quality issues. Sole reliance on local funding would not provide individual regions incentive to address water quality issues beyond their immediate regional interest.

At this time it is likely although not certain that the public share can be provided from existing state bond funds through Proposition 50 Chapter 8 (Integrated Regional Water Management Planning). The first round of decision for Proposition 50 Chapter 8 grants is expected to be made in July 2005. If the necessary public share (\$6.6 million) is not provided from Prop 50 funding for this activity, the options are to request General Fund dollars or federal dollars, wait until Year 8 when the next State bond funding may be available, or fully fund the regional plans at the local water agency level. The attached Water Quality table allocates all costs to the local entities as a fallback approach assuming no public funding is provided in the near-term.

Source Improvement - San Joaquin River Water Quality Management (SJRWOM)

Specific water quality actions were identified in the Delta Improvements Package Implementation Plan (DIP), a high priority for the CALFED program and for the DWS. The DIP water quality actions included in this 10-year finance plan are from the Implementation of the San Joaquin River Water Quality Management Plan, and are a combination of flow-related tools and load reduction tools. Specifically, the activities break down into three major categories (not including Franks Tract modifications, which are discussed in Source Improvement - Directed Actions - Franks Tract and Old River/Rock Slough).

Recirculation (Flow-Related Action)

Funding Targets

The recirculation of San Joaquin River water through the Tracy Pumping Plant/Delta-Mendota Canal (DMC)/Newman Wasteway has the potential to improve water quality in the San Joaquin River and the Delta, and to contribute to achieving the Vernalis water quality objectives (the objectives of the Lower San Joaquin River Salt and Boron TMDL). There are no capital costs associated with this project, only \$3 million in annual operating and maintenance costs (\$30/AF).

Proposed allocations

This project assists Reclamation and CVP water users in meeting regulatory requirements, so the costs are allocated entirely to the CVP water users share, who are generally responsible for reimbursing operations and maintenance costs of the CVP.

Lower DMC Load Reduction and Management (Load-Related Action)

Funding Targets

The Exchange Contractors are developing a system of groundwater pumping, salinity concentration, and salinity treatment (reverse osmosis), and have received some public funding for this activity. They estimate a capital cost of \$30 million and annual operation and maintenance (O&M) cost of \$3.5 million.

Proposed allocations

The costs are allocated entirely to the CVP water users, because the Exchange Contractors are CVP water users. They anticipate funding the effort through marketing of the treated water, so the funding would not be through the traditional CVP reimbursement model.

Upper and Middle DMC Load Reduction and Management (Load-Related Action)

Funding Targets

There are three activities in this category: Upper Delta Mendota Canal (DMC) Load Reduction, Middle DMC (Grassland Area) Load Reduction, and Wildlife Refuge Management. The Upper DMC Load Reductions activities are presumed similar to the Lower DMC activities, but are still being defined. The cost estimates for Upper DMC Load Reductions (\$30 million capital and \$3 million O&M) are being refined. The Middle DMC activities are based on the experience in the Grasslands area in reducing selenium and salinity loads in Mud Slough and the San Joaquin River, and include physical treatment. The cost estimate for the Middle DMC Activities is \$101 million

capital and \$3.2 million O&M. Refuge Water Management includes construction of retention facilities and related infrastructure. The cost estimate for Refuge Water Management (\$25 million capital and \$200,000 O&M) is still being refined.

Proposed allocations

While these activities are primarily designed to meet current regulatory requirements, they are also an important component in implementing the Delta Improvements Package to protect and achieve multiple benefits, either through their direct implementation as proposed or through expanding the activities for larger benefits. They are also activities which will assist Reclamation in addressing its legal responsibilities per the San Luis Unit drainage issue. Based on this, the proposed allocation is 50% federal and 50% CVP water users, recognizing that Reclamation will use its allocation process to assess the actual split between public share and contractor repayment, but recognizing that there will be an allocation between the two.

Possible state funding sources may be available for this component, through existing non-point source improvement, treatment and desalination implementation, and integrated water management state bond funding in Proposition 50 Chapters 4, 5, 6, 7 or 8. State funding may be justified if needed to accelerate activities in this category, although no allocation of state funding is proposed. Specific projects may receive state funding by qualifying under the existing grant criteria, regardless of the allocations specified in this finance plan.

Source Improvement - Directed Actions - California Aqueduct Watershed Actions

Funding Targets

There are other source improvement directed actions included in the CALFED Record of Decision – improvements to the water quality within the California Aqueduct and other conveyances, and regional water quality exchange programs. The DWS has recommended no additional funding for these actions pending: a) a feasibility study on water quality improvement in the California Aqueduct – estimated at \$2 million in Years 5 and 6, and b) the conclusion of feasibility studies and demonstration projects under the currently funded Southern California-San Joaquin Regional Water Quality Exchange Project. The DWS supports this estimate and schedule.

Proposed allocations

The proposed allocation is 100% State Water Project water users, since they are the primary beneficiary of the study which would identify and prioritize potential water quality improvement projects.

Source Improvement - Directed Actions - Franks Tract and Old River/Rock Slough

The DWS requested that two projects (Franks Tract and Old River & Rock Slough Water Quality Improvement) be moved from the Conveyance Program to the DWQP finance section, based on the purposes of the projects and the perceived benefit to water quality.

Funding Target

The current estimate to complete Franks Tract is \$92 million, but the DWS recommends pursuing a phased approach, beginning with the feasibility study and Phase I. The feasibility study, which includes environmental compliance, preliminary design and initial scientific studies, is estimated to cost \$13.4 million and finish in Year 6. The feasibility study is currently funded with \$1.8 million from Proposition 13 and with \$2.5 million from the SWP water users, leaving an unmet need of \$9.2 million. Phase I, which includes design and construction of small levee repairs to reduce salt accumulation in the Delta, is estimated to cost \$17 million and finish in Year 8. Additional phases of this project are addressed in the Potential Capital Projects section.

The Old River/Rock Slough Water Quality Improvement Projects are estimated to complete construction by December 2005, and have received \$450,000 from the USEPA, \$4.1 million in Proposition 13 funds and \$710,000 from SWP users. The Contra Costa Canal Encasement Phase I project has received \$7.3 million from Proposition 13 and \$200,000 from the USBR, and is not anticipated to require additional funding

Proposed allocations

For the Franks Tract feasibility study, the proposed allocation is 100% state & federal, because public funding is appropriate for funding feasibility studies where the specific beneficiaries have not been identified. The proposed allocation for Phase 1, based on the beneficiaries of the project if it is operated for water quality improvements is 25% state/federal, 25% CVP water users, and 50% SWP water users. The primary benefits expected from this project are improved export water quality for SWP and CVP M&I water users and for regulatory relief and improved export water quality for SWP and CVP agricultural water users. However, realization of water quality benefits will depend on either operation agreements or changes to the Water Quality Control Plan. The Franks Tract project is considered a critical element of the Drinking Water Quality Program. Other significant benefits that may result from this project include ecosystem and water supply benefits. The benefits of this project, and the overall allocation of costs, will have to be reevaluated between project phases.

This project is included in the federal authorization bill² and may be eligible for other Prop 50 bond funds; such as Chap 7 (b), but a decision on the use of those bonds funds needs further review because of competing demands from the conveyance, water quality, and ecosystem programs.

² SA3663, Title 1, Section 103 (f)(1)(C): "Funds may be expended for feasibility studies and actions at Franks Tract to improve water quality in the Delta."

Source Improvement - Nonpoint Source Improvement Grants

Funding targets

Source improvement also includes augmenting existing programs addressing non-point source water quality impairment to address constituents of particular concern to drinking water, a concept supported by the CALFED ROD (which contains several milestones related to coordinated BMP implementation). While regional plans are being developed to determine the relative importance of such actions, the DWS has recommended limiting funding in the first 3 years to \$3 million per year, and reevaluating the target to determine the appropriate level of funding in this category. Currently, the targets in Years 8-14 reflect historic funding levels (\$20 million/year, which includes the local cost match)³.

Proposed allocations

In the past, public funds have partially funded DWQP Nonpoint source improvement projects with a range of 20% - 50% local cost share. The proposed allocation is 25% state, 25% federal and 50% local, as a program average target. Public funding is appropriate because the type of nonpoint source improvement projects the DWQP supports are generally not locally cost-effective and support state and federal clean water goals. Local and public contributions would vary on a project by project basis in order to follow a benefits-based approach. While there is general support for a public contribution, the public funding is most appropriate:

- Where projects are not locally cost-effective yet provide broad public benefits, public funding should be commensurate with the degree of public benefits (for example, research and pilot studies or feasibility studies where benefits are unknown),
- Where projects are locally cost-effective, but require public funding to overcome significant financial or institutional barriers or affect a systemic behavioral change, or
- Where public funding will result in project modifications yielding broad public benefits.
- Where public funds can be used to address Environmental Justice and other social equity issues.

Possible state funding sources that may provide a public share include Proposition 50 Chapters 5 Agricultural Water Quality Grant Program, with the first funding decisions expected in Year 5, Chapter 4 Source Improvement Grants, and Chapter 8 Integrated Regional Water Management Projects, both with funding decisions expected in early Year 6. Possible federal funding sources include the Clean Water Act Section 319 Nonpoint Source Grants (USEPA) and Environmental Quality Incentives Program grants

³ The previous draft of this document contained a target of \$10 million/year, which reflected the historic public share amount, not the additional local cost contribution. This is being corrected in this draft.

(NRCS). None of these funding sources are dedicated to the DWQP and are therefore not included in the proposed allocation.

Treatment Technology Demonstration

Funding Target

The DWQP and its implementing agencies have invested \$2 million in public funding for four treatment technology demonstration projects, three of which have concluded or are in the process of concluding. A S.F. Bay Area project has recently begun, and has only received public funding for Phase 1 of a two-phase demonstration project. The DWS and implementing agencies support the use of a science panel to determine the future direction of this activity. Should the activity continue, the DWS has recommended a rolling grant program in the area of treatment technology demonstration, focusing on projects which have a high degree of transferability (i.e. the resulting information can be used by a large number of utilities) and on contaminants of the most concern to the program. This finance plan does not envision funding full-scale implementation of treatment technology, which is left to the existing state and federal programs. The cost estimate of a rolling grant program is \$3.4 million/year.

Proposed allocations

The DWS generally indicated support for funding to be shared between state, federal and local sources. In the past, treatment demonstration projects have been publicly funded with an approximate 40% local cost share. The proposed cost allocation is 25% state, 25% federal, and 50% local, because of the public benefit of research studies with wide applicability.

Possible state funding sources that may be available for the public share may include Proposition 50 Chapters 4 and 6, with the first funding decisions expected in Year 5.

Science, Monitoring and Assessment

Funding Target

The DWQP needs to incorporate science, monitoring, and assessment activities over the next ten years. The DWQP has invested \$17 million in research studies, with an average 30% local cost match, through grant funding. The DWQP has not been able to directly fund a science, monitoring and assessment program, such as proposed for the next ten years. The funding target is \$15.7 million over 10 years.

Proposed Allocations

The proposed allocation is 50% state, 50% federal, because the benefits are broad and diffuse—and this is consistent with the proposed allocation in the science program

Program Management & Oversight

Funding target

Cost estimates in this category are generally for staff time to complete the above-mentioned tasks, in both the CBDA and the implementing agencies. The funding target is \$700,000 per year for program management and oversight activities.

Proposed allocations

This activity is appropriately supported with public funds—following a 50-50 cost share between state and federal sources consistent with the proposed allocation in the other programs. This allocation is currently being refined, as the available funding numbers only reflect CBDA funding and not that of implementing agencies currently participating in program management activities. This information will be updated in the November Finance Plan.

Unresolved Issues

- There is no dedicated funding for the DWQP from Proposition 50 or the Federal CWA Section 319 funds, so no estimates of potential contributions from these funds can be made in the available funding. The DWQP will know the contributions from these sources only after funding is awarded, but do expect some level of support.
- There is a large potential DWQP funding gap in categories which rely on public funding (new state bonds after Year 8 and federal funding in general). The success of the DWQP will depend on its being able to fund critical activities. Regional plan development in Years 6 and 7 may also change the emphasis and magnitude of public funding needs.
- The SJWQMG activities are included in the DWQP finance plan because of the inclusion of it in the Delta Improvements Package. However, San Joaquin River issues are strongly tied to Reclamation's responsibilities to the San Luis Unit of the CVP to provide drainage, and to the Central Valley Regional Water Quality Control Board's regulatory responsibility to address pollutants under the Clean Water Action section 303(d).

Potential Capital Projects

There are a small number of capital projects which are currently associated with the Drinking Water Quality Program. The program assumes their financing will be negotiated on a project-by-project basis, and be largely funded by the beneficiaries of the projects.

1. North Bay Aqueduct Intake Relocation: The feasibility study estimates a cost of up to \$175 million with the project beginning in 2010. The North Bay Aqueduct currently experiences problems with total organic carbon and turbidity, largely due to the location of its intake.
2. Franks Tract Modifications, Phases II+: Following completion of Phase I, this project will be reevaluated as to the need for additional phases. The State Water Contractors have indicated that at a minimum, \$10 million for gate construction may be required. Other anticipated work is estimated to cost \$46 million.
3. Old River Intake Relocation: This project is an alternative in the Delta Improvements Package. Should the DIP water quality projects fail to provide acceptable continuous improvements in water quality, this project would improve water quality for CCWD. It is estimated to cost \$62.8 million.
4. Contra Costa Canal Encasement Project, Phase II: This project would encase a portion of the currently earthen-lined Contra Costa Canal in the vicinity of both local development and the proposed Dutch Slough Tidal Marsh Restoration Project. Costs associated with this project may be more appropriate in the Ecosystem Program as mitigation of drinking water quality impacts.

**Water Quality Program
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(\$ in millions)
October 5, 2004

Program Year	Funding Targets ¹	Available Funding						Total Available	Unmet Needs	Proposed Funding for Unmet Needs					Total Funding Proposed	Remaining Gap
		State			Federal	SWP	Local			State	Federal	Local	Water Users			
		GF	Prop 13	Prop 50	Approps.								SWP	CVP		
Regional ELPH Planning	\$12.6	\$0.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.9	\$11.8	\$0.0	\$0.0	\$11.8	\$0.0	\$0.0	\$11.8	\$0.0
Year 5	\$1.1	\$0.9						\$0.9	\$0.2			\$0.2			\$0.2	\$0.0
Year 6	\$6.3							\$0.0	\$6.3			\$6.3			\$6.3	\$0.0
Year 7	\$5.3							\$0.0	\$5.3			\$5.3			\$5.3	\$0.0
Year 8	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 9	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 10	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 11	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 12	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 13	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 14	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Source Improvement - SJRWQMP - Recirculation	\$30.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$30.0	\$0.0	\$0.0	\$0.0	\$0.0	\$30.0	\$30.0	\$0.0
Year 5	\$3.0							\$0.0	\$3.0					\$3.0	\$3.0	\$0.0
Year 6	\$3.0							\$0.0	\$3.0					\$3.0	\$3.0	\$0.0
Year 7	\$3.0							\$0.0	\$3.0					\$3.0	\$3.0	\$0.0
Year 8	\$3.0							\$0.0	\$3.0					\$3.0	\$3.0	\$0.0
Year 9	\$3.0							\$0.0	\$3.0					\$3.0	\$3.0	\$0.0
Year 10	\$3.0							\$0.0	\$3.0					\$3.0	\$3.0	\$0.0
Year 11	\$3.0							\$0.0	\$3.0					\$3.0	\$3.0	\$0.0
Year 12	\$3.0							\$0.0	\$3.0					\$3.0	\$3.0	\$0.0
Year 13	\$3.0							\$0.0	\$3.0					\$3.0	\$3.0	\$0.0
Year 14	\$3.0							\$0.0	\$3.0					\$3.0	\$3.0	\$0.0

**Water Quality Program
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(\$ in millions)
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Program Year	Funding Targets ¹	Available Funding						Total Available	Unmet Needs	Proposed Funding for Unmet Needs					Total Funding Proposed	Remaining Gap
		State			Federal	SWP	Local			State	Federal	Local	Water Users			
		GF	Prop 13	Prop 50	Approps.								SWP	CVP		
Source Improvement - SJRWQMP - Lower DMC Load Reduction and Management	\$58.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$58.0	\$0.0	\$0.0	\$0.0	\$0.0	\$58.0	\$58.0	\$0.0	
Year 5	\$5.0						\$0.0	\$5.0					\$5.0	\$5.0	\$0.0	
Year 6	\$10.0						\$0.0	\$10.0					\$10.0	\$10.0	\$0.0	
Year 7	\$18.5						\$0.0	\$18.5					\$18.5	\$18.5	\$0.0	
Year 8	\$3.5						\$0.0	\$3.5					\$3.5	\$3.5	\$0.0	
Year 9	\$3.5						\$0.0	\$3.5					\$3.5	\$3.5	\$0.0	
Year 10	\$3.5						\$0.0	\$3.5					\$3.5	\$3.5	\$0.0	
Year 11	\$3.5						\$0.0	\$3.5					\$3.5	\$3.5	\$0.0	
Year 12	\$3.5						\$0.0	\$3.5					\$3.5	\$3.5	\$0.0	
Year 13	\$3.5						\$0.0	\$3.5					\$3.5	\$3.5	\$0.0	
Year 14	\$3.5						\$0.0	\$3.5					\$3.5	\$3.5	\$0.0	
Source Improvement - SJRWQMP - Upper and Middle DMC Load Reduction and Management	\$205.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$205.0	\$0.0	\$92.3	\$0.0	\$0.0	\$92.3	\$184.5	\$20.5	
Year 5	\$20.5						\$0.0	\$20.5						\$0.0	\$20.5	
Year 6	\$20.5						\$0.0	\$20.5		\$10.3			\$10.25	\$20.5	\$0.0	
Year 7	\$20.5						\$0.0	\$20.5		\$10.3			\$10.25	\$20.5	\$0.0	
Year 8	\$20.5						\$0.0	\$20.5		\$10.3			\$10.25	\$20.5	\$0.0	
Year 9	\$20.5						\$0.0	\$20.5		\$10.3			\$10.25	\$20.5	\$0.0	
Year 10	\$20.5						\$0.0	\$20.5		\$10.3			\$10.25	\$20.5	\$0.0	
Year 11	\$20.5						\$0.0	\$20.5		\$10.3			\$10.25	\$20.5	\$0.0	
Year 12	\$20.5						\$0.0	\$20.5		\$10.3			\$10.25	\$20.5	\$0.0	
Year 13	\$20.5						\$0.0	\$20.5		\$10.3			\$10.25	\$20.5	\$0.0	
Year 14	\$20.5						\$0.0	\$20.5		\$10.3			\$10.25	\$20.5	\$0.0	

**Water Quality Program
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Program Year	Funding Targets ¹	Available Funding						Total Available	Unmet Needs	Proposed Funding for Unmet Needs					Total Funding Proposed	Remaining Gap
		State			Federal	SWP	Local			State	Federal	Local	Water Users			
		GF	Prop 13	Prop 50	Approps.								SWP	CVP		
Source Improvement - Directed Actions - California Aqueduct Watershed Actions	\$2.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.0	\$0.0	\$0.0	\$0.0	\$2.0	\$0.0	\$2.0	\$0.0
Year 5	\$1.0							\$0.0	\$1.0				\$1.0		\$1.0	\$0.0
Year 6	\$1.0							\$0.0	\$1.0				\$1.0		\$1.0	\$0.0
Source Improvement - Conveyance (Franks Tract, OR/RS) ¹	\$40.7	\$0.0	\$11.9	\$0.0	\$0.2	\$2.5	\$0.0	\$14.6	\$26.1	\$2.2	\$6.8	\$0.0	\$8.5	\$4.3	\$21.8	\$4.3
Year 5	\$14.6		\$11.9		\$0.2	\$2.5		\$14.6	\$0.0						\$0.0	\$0.0
Year 6	\$9.1							\$0.0	\$9.1		\$4.7				\$4.7	\$4.4
Year 7	\$11.7							\$0.0	\$11.7		\$1.5		\$5.9	\$2.9	\$10.2	\$1.5
Year 8	\$5.3							\$0.0	\$5.3	\$2.2	\$0.7		\$2.7	\$1.3	\$6.8	-\$1.5
Year 9	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 10	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 11	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 12	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 13	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0
Year 14	\$0.0							\$0.0	\$0.0						\$0.0	\$0.0

**Water Quality Program
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Program Year	Funding Targets ¹	Available Funding						Total Available	Unmet Needs	Proposed Funding for Unmet Needs					Total Funding Proposed	Remaining Gap
		State			Federal	SWP	Local			State	Federal	Local	Water Users			
		GF	Prop 13	Prop 50	Approps.								SWP	CVP		
Source Improvement - Nonpoint Source Improvement Grants	\$164.0	\$0.0	\$5.2	\$0.0	\$0.0	\$0.0	\$0.0	\$5.2	\$158.8	\$36.1	\$36.1	\$72.1	\$0.0	\$0.0	\$144.2	\$14.6
Year 5	\$6.6		\$1.8					\$1.8	\$4.8						\$0.0	\$4.8
Year 6	\$6.6		\$3.4					\$3.4	\$3.2						\$0.0	\$3.2
Year 7	\$6.6							\$0.0	\$6.6						\$0.0	\$6.6
Year 8	\$20.6							\$0.0	\$20.6	\$5.2	\$5.2	\$10.3			\$20.6	\$0.0
Year 9	\$20.6							\$0.0	\$20.6	\$5.2	\$5.2	\$10.3			\$20.6	\$0.0
Year 10	\$20.6							\$0.0	\$20.6	\$5.2	\$5.2	\$10.3			\$20.6	\$0.0
Year 11	\$20.6							\$0.0	\$20.6	\$5.2	\$5.2	\$10.3			\$20.6	\$0.0
Year 12	\$20.6							\$0.0	\$20.6	\$5.2	\$5.2	\$10.3			\$20.6	\$0.0
Year 13	\$20.6							\$0.0	\$20.6	\$5.2	\$5.2	\$10.3			\$20.6	\$0.0
Year 14	\$20.6							\$0.0	\$20.6	\$5.2	\$5.2	\$10.3			\$20.6	\$0.0
Treatment Technology Demonstration	\$34.4	\$0.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.8	\$33.6	\$5.5	\$7.7	\$13.8	\$0.0	\$0.0	\$27.0	\$6.6
Year 5	\$3.4	\$0.1						\$0.1	\$3.4						\$0.0	\$3.4
Year 6	\$3.4	\$0.1						\$0.1	\$3.4		\$0.9	\$0.9			\$1.7	\$1.6
Year 7	\$3.4	\$0.1						\$0.1	\$3.4		\$0.9	\$0.9			\$1.7	\$1.6
Year 8	\$3.4	\$0.1						\$0.1	\$3.4	\$0.8	\$0.9	\$1.7			\$3.4	\$0.0
Year 9	\$3.4	\$0.1						\$0.1	\$3.4	\$0.8	\$0.9	\$1.7			\$3.4	\$0.0
Year 10	\$3.4	\$0.1						\$0.1	\$3.4	\$0.8	\$0.9	\$1.7			\$3.4	\$0.0
Year 11	\$3.4	\$0.1						\$0.1	\$3.4	\$0.8	\$0.9	\$1.7			\$3.4	\$0.0
Year 12	\$3.4	\$0.1						\$0.1	\$3.4	\$0.8	\$0.9	\$1.7			\$3.4	\$0.0
Year 13	\$3.4	\$0.1						\$0.1	\$3.4	\$0.8	\$0.9	\$1.7			\$3.4	\$0.0
Year 14	\$3.4	\$0.1						\$0.1	\$3.4	\$0.8	\$0.9	\$1.7			\$3.4	\$0.0

**Water Quality Program
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(\$ in millions)
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Program Year	Funding Targets ¹	Available Funding						Total Available	Unmet Needs	Proposed Funding for Unmet Needs					Total Funding Proposed	Remaining Gap
		State			Federal	SWP	Local			State	Federal	Local	Water Users			
		GF	Prop 13	Prop 50	Approps.								SWP	CVP		
Science, Monitoring and Assessment	\$15.7	\$2.0	\$0.0	\$1.0	\$0.3	\$0.0	\$0.1	\$3.4	\$12.4	\$4.8	\$6.8	\$0.0	\$0.0	\$0.0	\$11.6	\$0.7
Year 5	\$1.7	\$0.5		\$0.3	\$0.1		\$0.0	\$1.0	\$0.7						\$0.0	\$0.7
Year 6	\$1.6	\$0.2		\$0.3	\$0.1		\$0.0	\$0.6	\$1.0		\$0.7				\$0.7	\$0.3
Year 7	\$1.9	\$0.2		\$0.3	\$0.1		\$0.0	\$0.6	\$1.3		\$0.8				\$0.8	\$0.4
Year 8	\$1.7	\$0.2						\$0.2	\$1.5	\$1.0	\$0.9				\$1.8	-\$0.3
Year 9	\$1.7	\$0.2						\$0.2	\$1.5	\$1.1	\$0.9				\$2.0	-\$0.4
Year 10	\$1.4	\$0.2						\$0.2	\$1.3	\$0.6	\$0.7				\$1.3	\$0.0
Year 11	\$1.4	\$0.2						\$0.2	\$1.3	\$0.6	\$0.7				\$1.3	\$0.0
Year 12	\$1.4	\$0.2						\$0.2	\$1.3	\$0.6	\$0.7				\$1.3	\$0.0
Year 13	\$1.4	\$0.2						\$0.2	\$1.3	\$0.6	\$0.7				\$1.3	\$0.0
Year 14	\$1.4	\$0.2						\$0.2	\$1.3	\$0.6	\$0.7				\$1.3	\$0.0

**Water Quality Program
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(\$ in millions)
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Program Year	Funding Targets ¹	Available Funding						Total Available	Unmet Needs	Proposed Funding for Unmet Needs					Total Funding Proposed	Remaining Gap
		State			Federal	SWP	Local			State	Federal	Local	Water Users			
		GF	Prop 13	Prop 50	Approps.								SWP	CVP		
Program Management & Oversight	\$7.0	\$1.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.5	\$5.5	\$1.4	\$3.5	\$0.0	\$0.0	\$0.0	\$4.9	\$0.6
Year 5	\$0.7	\$0.2						\$0.2	\$0.6		\$0.4				\$0.4	\$0.2
Year 6	\$0.7	\$0.2						\$0.2	\$0.6		\$0.4				\$0.4	\$0.2
Year 7	\$0.7	\$0.2						\$0.2	\$0.6		\$0.4				\$0.4	\$0.2
Year 8	\$0.7	\$0.2						\$0.2	\$0.6	\$0.2	\$0.4				\$0.6	\$0.0
Year 9	\$0.7	\$0.2						\$0.2	\$0.6	\$0.2	\$0.4				\$0.6	\$0.0
Year 10	\$0.7	\$0.2						\$0.2	\$0.6	\$0.2	\$0.4				\$0.6	\$0.0
Year 11	\$0.7	\$0.2						\$0.2	\$0.6	\$0.2	\$0.4				\$0.6	\$0.0
Year 12	\$0.7	\$0.2						\$0.2	\$0.6	\$0.2	\$0.4				\$0.6	\$0.0
Year 13	\$0.7	\$0.2						\$0.2	\$0.6	\$0.2	\$0.4				\$0.6	\$0.0
Year 14	\$0.7	\$0.2						\$0.2	\$0.6	\$0.2	\$0.4				\$0.6	\$0.0
Years 5-9	\$303.6	\$3.2	\$17.1	\$1.0	\$0.5	\$2.5	\$0.1	\$24.3	\$279.3	\$16.6	\$66.6	\$37.5	\$10.5	\$100.8	\$231.9	\$47.4
Year 5	\$57.6	\$1.6	\$13.7	\$0.3	\$0.3	\$2.5	\$0.0	\$18.5	\$39.1	\$0.0	\$0.4	\$0.2	\$1.0	\$8.0	\$9.6	\$29.6
Year 6	\$62.3	\$0.4	\$3.4	\$0.3	\$0.1	\$0.0	\$0.0	\$4.3	\$58.0	\$0.0	\$16.9	\$7.2	\$1.0	\$23.3	\$48.3	\$9.7
Year 7	\$71.6	\$0.4	\$0.0	\$0.3	\$0.1	\$0.0	\$0.0	\$0.9	\$70.7	\$0.0	\$13.8	\$6.1	\$5.9	\$34.7	\$60.4	\$10.3
Year 8	\$58.7	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$58.3	\$9.3	\$18.1	\$12.0	\$2.7	\$18.1	\$60.2	-\$1.8
Year 9	\$53.4	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$53.0	\$7.2	\$17.5	\$12.0	\$0.0	\$16.8	\$53.5	-\$0.4
Years 10-14	\$265.8	\$2.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.0	\$263.8	\$33.4	\$86.6	\$60.1	\$0.0	\$83.8	\$263.8	\$0.0
Year 10	\$53.2	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$52.8	\$6.7	\$17.3	\$12.0	\$0.0	\$16.8	\$52.8	\$0.0
Year 11	\$53.2	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$52.8	\$6.7	\$17.3	\$12.0	\$0.0	\$16.8	\$52.8	\$0.0
Year 12	\$53.2	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$52.8	\$6.7	\$17.3	\$12.0	\$0.0	\$16.8	\$52.8	\$0.0
Year 13	\$53.2	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$52.8	\$6.7	\$17.3	\$12.0	\$0.0	\$16.8	\$52.8	\$0.0
Year 14	\$53.2	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$52.8	\$6.7	\$17.3	\$12.0	\$0.0	\$16.8	\$52.8	\$0.0
Total, Years 5-14	\$569.4	\$5.1	\$17.1	\$1.0	\$0.5	\$2.5	\$0.1	\$26.3	\$543.1	\$49.9	\$153.2	\$97.6	\$10.5	\$184.5	\$495.7	\$47.4

Notes:

¹The target reflects the completion of Phase I of the Franks Tract project and completion of Old River/Rock Slough Water Quality Improvement projects.

Water Quality Program Percent Allocation Beginning Year 7				
State	Federal	Local	Water Users	
			SWP	CVP
9.38%	23.89%	15.85%	1.49%	26.92%
			28.41%	