

DRAFT
Establishment of Long-Term Funding Mechanisms

Description

This action category consists of developing long-term funding mechanisms to finance improvements in Bay-Delta system reliability, such as levee maintenance and stabilization, and flood and seismic protection improvements. Specific measures may include debt finance options, revenue generation options, and institutional options. Institutional options could involve a Bay-Delta financing authority and low-cost debt financing for local agencies.

This category includes the following actions:

- establish a Bay-Delta financing authority,
- provide low-cost debt financing for local agencies,
- establish a bond financing mechanism, and
- establish a statewide water utility surcharge.

Purpose

The purpose of these actions is to provide a predictable source of funding for implementing actions to ensure long-term Bay-Delta system reliability. Improving the reliability of the Bay-Delta system of flood control and water supply is an important component to a Bay-Delta solution. These improvements can be expensive for local agencies and landowners to undertake. Providing long-term funding mechanisms for these reliability improvements would be an important step in implementing such improvements.

Constraints

Issuing state general obligation bonds requires a two-thirds vote of the legislature and a majority vote of the electorate. Issuing state general obligation bonds would dilute the state's debt capacity and limit its ability to debt finance other activities. Revenue generation options would require legislative approval. Institutional options would create additional bureaucracy. In addition, some system reliability measures, such as reconstructing levees to increase flood and seismic protection levels could cause substantial effects on the environment.

Linkages to Other CALFED Action Categories

Establishing long-term funding mechanisms for Bay-Delta system reliability could be implemented with levee maintenance and stability or flood and seismic protection improvement actions to ensure the financial feasibility of these actions. In addition, it could be implemented with establishment of floodways and meander belts to fund flood control and seismic protection, and to provide benefits to aquatic habitats.