

**BDAC Finance Work Group  
Meeting Summary  
April 22, 1996**

The BDAC Finance Work Group held its second meeting on April 22, 1996, at the Contra Costa Water District in Concord, CA. BDAC members of the work group present were: Eric Hasseltine (Chair), David Guy, and Roberta Borgonovo. David Yardas of EDF was in attendance representing Tom Graff. Zach McReynolds from the Bay Delta Program staff was also in attendance as was Curt Schmutte of DWR. Eleven individuals were also present representing members of the general public and stakeholders.

The focus of this meeting was examining cost allocation issues. As discussed at the previous work group meeting, a presentation was scheduled to provide specific example of a program component to focus discussions of cost allocation. Curt Schmutte, DWR, made a presentation on setback levees. Setback levees were explained, and a conceptual idea of where they might be used in the Bay-Delta system was reviewed. The work group members then reviewed a summary of possible benefits accruing from the use of setback levees in various ways.

This example generated a discussion of several issues which were seen as transcending the setback levee example to apply across the program. The group determined to proceed by developing a list of the issues which would need to be addressed in some fashion in order to develop a cost allocation which would be broadly accepted. This issues list developed included the following:

- How to determine what is to be publicly funded and what is privately funded;
- Causation based allocation as opposed to benefit based allocation;
- Subsidies in the allocation process;
- Are ecosystem benefits to be quantified? If so, how?; and
- Third party costs and benefits.

The work group members discussed these issues, and determined to continue this discussion at their next meeting. The group requested that CALFED staff provide them with a list of background materials prior to the next meeting to assist in the discussion.