

**BDAC Finance Work Group**  
**Meeting Summary**  
February 24, 1998

**Status Reports/Updates**

The meeting began with brief update reports regarding federal funding for FY99 the Ag/Urban group. Committee hearings are scheduled in March for the CALFED FY99 appropriation, and a number of briefings have taken place to facilitate receiving the appropriation requested in the President's budget. The Ag/Urban group reported that they have been focusing on cost estimates and work on the Governor's proposed bond issue.

**User Funding**

The main focus of the meeting was a discussion of user funding, specifically water user funding for common programs or "Program Elements." The Program Elements are the Ecosystem Restoration Program, the Water Quality Program, the Levee System Integrity Program, the Watershed Management Program, and the Water Use Efficiency Program. Crediting Policy. Staff had prepared and distributed a list of questions as a discussion guide.

The first topic was the rationale for water user charges for these Programs. Three fundamental reasons for water user charges were discussed:

- Some portion of the water user community will receive benefits from one or more of these programs, and under the benefits-based approach, they should pay for some portion of the program.
- Water users have contributed in some measure to the problems in the Bay-Delta. Although this is a departure from the strict benefits-based approach, it falls within the exceptions to the benefits-based approach that many have maintained must be considered in order to achieve and equitable allocation of the costs of the programs.
- There is a practical need for user funding, as it is a good way to secure reliable, stable funding for operations and maintenance costs over time. It was pointed out that there are other ways, such as statewide fees, but that bond proceeds cannot be used for these types of expenditures. The following chart was used to explain this concept.

Type	Stable	Capital	O&M
State GO	Yes	Yes	No
Federal	No	Yes	Yes
User	Yes	Yes	Yes

Following the discussion of rationale for water user charges, the discussion turned to what such a user fee might look like. A list of potential parameters was discussed that such a fee might take into consideration, including:

- Geographic coverage
- Type of Water Right
- Type of Use
- Place of Use
- Time of Use (Season, Year Type, etc.)
- Discharge or return flow (place, quantity, quality of return flow)

Discussion of these items will continue at the next meeting, with the goal of presenting a summary of the discussion to BDAC at its March meeting.

It was also acknowledged that there are a number of other considerations related to such a fee, including ability to pay, crediting, and the institutional authority and structure to impose and collect such a fee.

**Attendance:**

Eric Hasseltine, Chair  
Roberta Borgonovo BDAC  
Bob Raab BDAC  
Dennis O'Connor CRB  
Amy Fowler SCVWD  
Julia Maclay SDCWA  
Mike Myatt CALFED  
Craig Stroh USBR  
Marni Buchanan WWD  
Lora Steere EBMUD