

THE AGRICULTURAL WATER CAUCUS POSITION ON A SOLUTION FOR THE BAY-DELTA

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8. ISSUE – COST ALLOCATION: CALFED and the BDAC Finance Workgroup have developed general principles of cost allocation. These principles include concepts of equity, fairness, and benefits-based allocation.

CALFED has adopted a "beneficiary pays" concept over a punitive cost allocation methodology aimed at recovering from parties who allegedly created environmental damage in the past. In this regard, certain common programs are proposed to be funded with public monies while other common programs that provide "benefits" to water users are proposed to be funded with user fees. In general, CALFED has determined that facilities should be funded by the beneficiaries of those facilities.

POSITION: The Ag Water Caucus believes that a successful CALFED solution will include cost allocation principles that will sustain the state's vibrant agricultural economy. The Ag Water Caucus supports a "benefits-based" approach over a punitive approach. However, the Ag Water Caucus strongly objects to any effort to require agricultural water users to pay any additional costs to replace water taken for environmental uses through regulatory actions, or dedicated to environmental protections by legislative actions and the Bay-Delta Accord. The costs of the CALFED program must be apportioned in a manner mutually agreeable to the state and federal governments, and stakeholder interests pursuant to long-term cost-sharing agreements to be developed as part of the CALFED package.

RECOMMENDED CALFED ACTION: CALFED should continue to evaluate and develop cost allocation strategies that sustain the agricultural economy and recognize the public benefits derived from water quality, environmental protection, flood control, recreation, and adequate water supplies. These cost allocation strategies must acknowledge that any effort to require additional payments from agricultural water users to replace supplies taken for environmental uses through regulatory actions or dedicated in the interim to environmental protections by federal actions and the Bay-Delta Accord is unacceptable. Since the acceptability and willingness to support a cost allocation methodology is directly linked to the benefits the final alternative provides, it is incumbent upon CALFED to develop the final preferred alternative, with specific identification of benefits and assurances, concurrent with the development of cost allocation strategies.

CALFED should identify how it will develop new water supplies for long-term environmental uses. These environmental water supplies should be developed and paid for at public expense. These costs must be estimated and disclosed in the PEIS/R so that the public and stakeholders can make informed decisions on the CALFED Program.

This white paper was prepared by and/or is supported by representatives of the following organizations:

Ag America Farm Credit Bank
Agricultural Council of California
Banta-Carbona Irrigation District
Black Butte Ranch

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California Cattlemen's Association
California Chamber of Commerce
California Farm Bureau Federation
California Farm Water Coalition
California Fertilizer Association
California Forestry Association
California Grain and Feed Association
California Seed Association
Central Valley Production Credit Association
Central Valley Project Water Association
Colusa-Glenn Production Credit Association
Del Puerto Water District
Delta Water Users Authority
Dudley Ridge Water District
Exeter Irrigation District
Federal Land Bank Association of Colusa, FLCA
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Modesto Irrigation District
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Oak Flat Water District
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Reclamation District 2075
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San Luis & Delta-Mendota Water Authority
Sierra-Bay Federal Land Bank Association, FLCA
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South Delta Water Agency
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Valley Federal Land Bank Association, FLCA
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Western Farm Credit Bank
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