



February 14, 2005

Mr. Gary Hunt, Chair
California Bay-Delta Authority
California- Bay Delta Advisory Committee
650 Capitol Mall, 5th Floor
Sacramento, CA 95814

Re: CALFED Financing Plan

Dear Mr. Hunt:

The Regional Water Authority (RWA) is a joint powers authority that consists of 18 public water suppliers who serve over a million people in the greater Sacramento, Placer and El Dorado county region. RWA's members are the Cities of Sacramento, Folsom, Lincoln and Roseville, California-American Water Company, Carmichael Water District, Citrus Heights Water District, Del Paso Manor Water District, El Dorado Irrigation District, Fair Oaks Water District, Fruitridge Vista Water Company, Orange Vale Water Company, Placer County Water Agency, Rancho Murieta Community Services District, Rio Linda/Elverta Community Water District, Sacramento Suburban Water District, San Juan Water District and Southern California Water Company. RWA's members serve the water needs of urban, municipal and agricultural customers from a variety of supplies, including diversions from streams that are tributary to the Bay-Delta, groundwater, and recycled water.

Since 1994, the California Bay-Delta Authority and its predecessors have sought to resolve conflicts among competing uses of the Bay-Delta's water. RWA has supported these efforts with both words and actions. RWA has lobbied for CALFED funding authorization and proposals both in Washington, D.C., and in Sacramento by meeting with legislators and writing supportive letters. RWA and its members are implementing the \$43,000,000 American River Basin Conjunctive Use program that allows RWA's members to divert water from the American River to groundwater storage in wet years for recovery in drier years. RWA's members transfer water to the CALFED Environmental Water Account.

Finally, RWA and its members have implemented the historic Water Forum Agreement, in which 40 stakeholders in the Sacramento area agreed on measures to protect the lower American River environment and drought-proof the area's water supplies. These activities show that the CALFED Record of Decision accurately identified RWA's area as part of the "solution area."

The "beneficiary pays" principle is fundamental to the Record of Decision and RWA and its members strongly support it. The Authority staff's current funding proposals violate this principle in two ways. First, the proposed Ecosystem Restoration Program fees are not linked to any identified benefits to be provided to the targeted water users. In particular, upstream water users located in the "solution area" have been targeted to pay those fees even though the CALFED program provides them no regulatory assurances. Second, the proposed state surcharge proposes water-user payments to replace State General Fund or bond contributions without identifying any specific benefits to be provided to the water users.

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Rather than pursuing these departures from the crucial “beneficiary pays” principle, the Authority should conduct public hearings to identify specific projects with specific beneficiaries. As RWA’s experience shows, stakeholders will participate financially in projects when their benefits are clearly demonstrated. The Authority must use a similar and transparent approach in developing any water-user fees. Because the CALFED program depends fundamentally on the “beneficiary pays” principle, the Authority should not seek legislative authorization to impose any fees upon water purveyors or their customers that reflect any other approach.

If the Authority cannot identify its projects’ specific benefits and beneficiaries and also obtains only limited federal or state funding, then it must reassess its program’s scope and schedule in light of these constraints. The Authority’s staff’s effort to prioritize CALFED projects is a start, but only a start. The state’s and federal government’s fiscal constraints would not justify the Authority in decoupling water users’ contributions from specifically identified benefits to those water users. Such an action instead would contradict the Record of Decision fundamentally.

RWA supports the CALFED program’s goal of reducing conflicts over California’s water resources. RWA also supports the CALFED program’s stated objective of achieving this goal through projects funded by those projects’ beneficiaries. This clear link between program benefits and program obligations is what caused water users who do not pump from the Bay-Delta and thus do not directly benefit from the program – like RWA’s members – to support the program. That link must be maintained for CALFED to progress.

Sincerely,



Edward D. Winkler
Executive Director

cc: Senator Barbara Boxer
Senator Dianne Feinstein
Congressman John Doolittle
Congressman Dan Lungren
Governor Arnold Schwarzenegger
Senator Sam Aanestad
Senator Dave Cox
Senator Mike Machado
Senator Deborah Ortiz
Assembly Member Tim Leslie
Assembly Member Dave Jones
Assembly Member Roger Niello
Assembly Member Lois Wolk
Patrick Wright, Director, CALFED Bay-Delta Authority
Lester Snow, Director, Department of Water Resources
Regional Water Authority Board of Directors
Steve Hall, Executive Director, Association of California Water Agencies
David Guy, Executive Director, Northern California Water Association
Leo Winternitz, Executive Director, Sacramento Water Forum
Steve Macaulay, Executive Director, California Urban Water Agencies