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FOR IMMEDIATE RELEASE:

CALFED Fee Threatens “Water Truce”

AUBURN – Finding an \$8 billion Delta water improvement package overly expensive, without clearly defined beneficiaries and that may break a decade-old State “water truce,” Placer County Water Agency officials continue to be concerned about “who pays” for the CALFED Program.

State and federal officials managing the Bay-Delta system propose collecting nearly \$4 billion through a new fee imposed upon local water and power customers across the State. PCWA has joined with 16 other water and power organizations in a letter (March 25) seeking reforms and relief from the CALFED Finance Plan.

CALFED was formed in 1994 by State and Federal water management interests to change California’s Delta ecosystem in order to greatly increase pumping more Northern California water to Southern California homes and farms.

PCWA’s General Manager David Breninger said, “The Agency’s advocacy is aimed at having the beneficiaries of the CALFED program pay the costs for Delta changes that alter the Delta ecosystem. There is a total lack of concern for a serious “beneficiary pays concept” in CALFED’s Finance Plan,” Breninger said.

PCWA officials have repeatedly taken strong stands in Sacramento where the issue of “who pays for CALFED” continues to be hotly debated.

Bay-Delta Authority Chair Gary Hunt stated at a recent Association of California Water Agencies Legislative Symposium (March 29) that federal financial support and

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state bond funding will not be adequately available in the future to fund the \$8 billion CALFED improvement package. Breninger, who attended the meeting, reported Hunt further said that upwards of \$4 billion of costs is being proposed by the Authority to be collected from local water and power users across the State to help pay for CALFED projects.

Breninger boils down the Bay-Delta project figures and cost allocation (based upon CALFED documents) as follows: \$8,073 billion in costs with 49% (or \$3.9 billion) paid by water, power, and other local entities, 30% (\$2.4 billion) by State and 21% (or \$1.7 billion) by Federal.

"Rather than insisting that Delta dependent beneficiaries pay the costs associated with altering the Delta water system, the Authority seems intent that local water users across the state, such as those in Placer County, should pay half the cost of CALFED projects even though there aren't clearly identified local benefits," Breninger said.

"The agency's position is very simple," says PCWA Legal Counsel Ed Tiedemann. "The beneficiaries should pay; those who don't benefit shouldn't pay. Otherwise, it's a tax."

"Basically CALFED is striving to find a way to get Northern California water and power customers to subsidize a significant portion of Bay-Delta project costs. Such a sweeping action is on the verge of breaking a fragile 10-year old "water truce," Tiedemann said.

On another front, PCWA Board Chair Pauline Roccucci, on behalf of the Agency, has sent a letter (March 31) to Senator Michael Machado that sets forth strong objections to the CALFED cost allocation plan.

Senator Machado is very familiar with California water issues and is author of SB 113. The bill will likely become the enabling legislation for CALFED and to set new fees to finance it. It has not yet been set for hearing.

Roccucci wrote to the Senator, "CALFED has not articulated any benefits that would accrue, for example, from its programs and projects to Placer County Water

Agency and our customers and residents. Nevertheless, part of the proposed Finance Plan would impose, for example, water diversion fees, reservoir storage fees and other water surcharges within the watersheds of the tributaries to the Sacramento River system, including Placer County."

Agency officials will next attend a Sacramento joint session meeting of the Bay-Delta Authority and Bay-Delta Public Advisory Committee on April 13 and 14 to again convey PCWA's concerns with the CALFED Finance Plan.

Breninger, as signatory for PCWA to the March 25 letter to Authority Chair Gary Hunt and State Finance Director Tom Campbell was joined by managers from these 16 other entities in seeking reforms to the CALFED Finance Plan: the City of Sacramento, East Bay Municipal Utility District, El Dorado Irrigation District, Marin Municipal Water District, Modesto Irrigation District, Mountain Counties Water Resources Association, North San Joaquin Water Conservation District, Pacific Gas and Electric Company, Sacramento Regional Water Authority, Sacramento County Water Agency, Sacramento Municipal Utility District, San Juan Water District, Sonoma County Water Agency, Southern California Edison, Stockton East Water District and Woodbridge Irrigation District.