

## **D. Technical Document - Funding Principles and Strategies**

This section outlines the funding needs, principles, and overall strategies for implementing the CAMP medium package. In addition, Phase I funding obligations are outlined. An economic analysis was conducted to describe the range of potential costs associated with demand reduction strategies and to identify potential funding requirements. In addition, a series of funding alternatives were developed and evaluated to implement the entire CAMP and were intended to produce a revenue stream upon which to implement the CAMP.

### ***Funding Needs and Requirements***

As outlined in the previous section, the broad management alternatives recommended include a mix of conversions, aquifer recharge and demand reduction strategies. Each alternative includes a suite of options with costs that will depend on location, timing and implementation strategies. The overall funding needs are outlined below.

### **Conversions**

It is estimated that conversions could cost approximately \$200 million dollars to implement and accomplish an average change of 100,000 acre-foot per year. Much of the estimated cost of conversion is for the purchase of 205 kaf of below-Milner water (\$185 million), which is to be used to exchange salmon flow augmentation water and provide a firmer supply. Whenever possible the use of natural flows would be maximized to reduce costs and extend the available water supply as far as possible. The remaining \$15 million dollars would be utilized for surface water delivery systems (pumps and canals). Once the delivery systems are in place, surface water can be used when it is available.

### **Aquifer Recharge**

The Committee recommends actively pursuing aquifer recharge using excess natural flow when the IWRB's recharge rights are in priority. Costs associated with aquifer recharge

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include providing additional capacity to deliver recharge water when available, as well as expanding the number of canals and injection wells or percolation ponds. Increasing the capacity to deliver recharge is estimated to cost \$15 million, with an additional \$450,000 dollars per year required for the wheeling costs and for the movement of water to recharge locations.

### **Demand Reduction Strategies**

Demand reduction strategies include a range of options that intend to reduce stress on the aquifer while providing water users with an economic choice and managing demand for the aquifer. Demand reduction strategies include permanent and partial buyouts along with a variety of leasing tools, such as those listed below:

<b>Leasing Tool</b>	<b>Key Features</b>	<b>Crops</b>
<i>Full Season</i>	Cease irrigation for the full irrigation season.	Pasture, hay, grains
<i>Partial Season</i>	Cease irrigation for part of the irrigation season.	Pasture and hay
<i>Crop Mix</i>	Change crop rotation to increase the percentage of irrigated land planted to crops with lower evapotranspiration levels.	Alfalfa to grains
<i>Dry Year Option</i>	<i>Lease</i> Acquire option with producer to not irrigate when water supply is limited	All crops

The costs of demand reduction will be influenced by several factors: including the size of the parcel, commodity prices and trends, depth to aquifer, distance to the nearest town, and the overall structure of the program. At commodity prices prevailing in mid-2008, direct cost for permanent acquisition may cost between \$240 and \$425 million -- at roughly \$1250 per acre foot. Actual per-acre foot costs of demand reduction strategies may vary substantially.

### ***Funding Principles and Alternatives***

The strategies for meeting the funding requirements were explored and the following funding principles established.

- Broad based
- Equitable (equal benefits derived)
- Universal to all (hydrologically connected) water uses and users
- Provide minimum interest expense
- Efficient revenue collection
- Transparent in its governance and
- Provide flexible revenues

The Committee outlined and evaluated four funding alternatives that met these criteria. Each of these alternatives and their key features are outlined in the table below.

### **Funding Alternatives Overview**

<b>ALTERNATIVE</b>	<b>TAX STATUS</b>	<b>FUNDING OPTIONS</b>
<b>IWRB Contract</b>	Potentially Taxable (Uses Existing Board Bonding Authority)	<b>Revenue Bonds:</b> <ul style="list-style-type: none"> <li>• Principal and interest are payable entirely from the revenue received from the people and businesses that use the facility.</li> <li>• Used to finance facilities expected to pay for themselves through user fees.</li> </ul>
<b>Water Management Improvement District</b>	Tax Exempt (Requires Local Improvement District authority obtained from Legislature)	<b>Special Assessment:</b> <ul style="list-style-type: none"> <li>• A compulsory levy made to defray part or all of the cost of a specific improvement or service which is presumed to be of general benefit to the public.</li> </ul>
		<b>Assessment Bonds:</b> <ul style="list-style-type: none"> <li>• Bonds issued by municipalities on a specialized basis having as their security a pledge of revenues generated by assessments against certain properties and for the payment of bonds issued to finance specific improvements benefiting those properties.</li> </ul>
<b>Water Management District</b>	Tax Exempt (Uses General Obligation Bonds with authority from a new form of Public Water District)	<b>Authority:</b> <ul style="list-style-type: none"> <li>• A governmental unit or public agency created to perform a single function or a restricted group of related activities.</li> <li>• Usually such units are financed from service charges, fees, and tolls; but in some instances, they also have taxing powers.</li> <li>• May be completely independent of other governmental units, or in some cases it may be partially dependent upon other governments for its creation, its financing, or the exercise of certain powers.</li> </ul>

ALTERNATIVE	TAX STATUS	FUNDING OPTIONS
		<b>General Obligation Funds:</b> <ul style="list-style-type: none"> <li>• Securities backed by the full faith and credit of the issuing unit of government.</li> <li>• Secured by an unconditional pledge of the issuing government to levy unlimited ad valorem taxes to pay principal and interest.</li> <li>• Used to finance capital projects.</li> </ul>
State Water Management Project	Tax-Exempt (General Fund Appropriations from kwh Franchise Fee, a States Sales or Property Tax, Special Product or Service Tax, etc.)	<b>Tax Exempt Bond:</b> Bonds exempt from federal income, state income, or state and local personal property taxes. "MUNICIPALS" are exempt from federal income taxation at present and may or may not be exempt from state income or personal property taxation in the state where originally issued or held.  <b>Revenue Bonds:</b> Principal and interest are payable entirely from the revenue received. In this case revenue would be received from the Idaho State Legislature from one or more sources as determined by the Legislature

## E. Technical Document - Summary of CAMP Modeling Results

### Introduction

The Idaho Department of Water Resources (Department) and Idaho Power worked cooperatively to model various scenarios for the CAMP process. The modeling effort was initiated at the request of the CAMP Advisory Committee, through the Environmental Sub-Committee, in an effort to determine the impacts resulting from the implementation of various CAMP alternatives on fish, wildlife and water quality. This summary focused on the modeling conducted for the medium alternatives package, which is the long-term vision of the Board. Specifically the modeling was performed to:

- Determine changes to Snake River flows and reservoir storage as a result of implementation
- Help identify key stream reaches and issues that may impact fish and wildlife during CAMP implementation
- Help identify potential benefits to fish and wildlife or opportunities to improve fish and wildlife resources through the CAMP process