Update 2013
Water Finance Planning Framework

May 2, 2013
Frame discussions that lead to productive outcomes
Create a common and comprehensive understanding of current [finance] conditions
Inform post-2014 general obligation bonds
Guide legislation pertaining to finance planning and strategies
Clarify and align State IWM funding and finance
Prioritize future State IWM investment
This is a long term **strategic** planning framework and is **NOT** intended to change or supplant:

(1) Current [2014] G.O. bond discussions

(2) Ongoing State grant and loan activities

(3) Specific State programs or projects that are currently being planned or implemented

(4) Local or regional governance and finance
Define future State government role in IWM; if not administering G.O. bonds

Clarify how State government investment prioritization will occur

Emphasize historical role of local government in planning, investment, and management of IWM

Acknowledge importance of guiding principles for framing State water finance – particularly beneficiary pays
Consider deferring the finance objective and related actions to future Update

Revise phrasing around Proposition 218

Concerns regarding public goods charge/statewide fee

Acknowledge role of future G.O. Bonds

Minimize the use of buzz words
Map the storyboard to the rest of the Update 2013 document

Bring findings and other important messages up front

Clarify, evolve and emphasize the “so what” messages

Various corrections, clarifications and caveats for data

Be more consistent and/or define several terms
IWM Finance Planning Framework

Summary of Finance Caucus Comments to Date

- Improve descriptions of current and future role of State Government
  - Constitutional/statutory obligations
  - Commitments
  - New roles that support IWM (leadership)

- Significantly advanced shared-value statements (formerly referred to as guiding finance principles)

- Notes from April 11 Finance Caucus meeting will be posted here:
  http://www.waterplan.water.ca.gov/materials/index.cfm?subject=apr1113
Framework Structure and Outline
Update 2013 Finance Planning Framework (Shown integrated into Volume 1)
May 2, 2013

This document represents the general approach for building the Update 2013 financing planning framework into Volume 1 of Update 2013. The text below each heading shows the outline of the chapter. It also maps the linkages between the chapter content and the storyboard components.

The last row provides an indication of completeness for each section of the finance planning framework for Update 2013. Sections that are not completed for Update 2013 will be recommended for advancement or completion for Update 2018. Green = Completed for Update 2013; Yellow = Partially Completed

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A Call for Action
Three Themes of Update 2013
Integrated Water Management
Government Agency Alignment
Investment in Innovation and Infrastructure

Guide to Update 2013 Documents — Foundational and New Features
Enhancements to Update 2013 — Adapting to Changing Decision Support Needs
Progress Toward Implementing Update 2009 Objectives

Expenditure data gap and lack of consistent methods/sources
Limited description of future role of State government

Water Management in California
Legal Framework
Agencies and Departments with Water-related Roles and Responsibilities
California Government
Federal Government
Public Agencies, Districts, Local Governments, and Investor-owned Utilities
Tribal Governments, Organizations, and Communities
State Agency Coordination
Companion State Plans
Water Plan Objectives and Related Actions
Resource Management Strategies
## Update 2013 Finance Planning Framework (Shown integrated into Volume 1)

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**How We Get to Where We Want to Be**

- Partial List of Content
- Objectives for Informed and Transparent Decision Making
- Linking Collaborative Processes with Technical Enhancements
- Common Conceptual Understanding of Water System
- Water Portfolios
- Future Scenarios
- Water Sustainability
- Finance Decision Support System
- Improving and Sharing Information
- Strategic Plan to improve Water Management Information

**Plan to develop decision support system for use in future Update:**

- Limited by lack of stakeholder agreement and available data and tools

**Next Steps**

- Ties together all the finance content in chapter 7
- Provide guidance on future applications and implementation of the finance framework.
- Future work for several components for Update 2018 and beyond.
- Provide a transition from this chapter to (and rationale for) the finance objective and related actions published in the Update 2013 Implementation Plan (Chapter 8).

**Objectives and Related Actions**

- Objective 1 – Expand Integrated Regional Water Management
- Objective 2 – Use and Reuse Water More Efficiently
- Objective 3 – Expand Conjunctive Management of Multiple Supplies
- Objective 4 – Protect Surface Water and Groundwater Quality
- Objective 5 – Expand Environmental Stewardship
- Objective 6 – Practice Integrated Flood Management
- Objective 7 – Manage a Sustainable California Delta
- Objective 8 – Prepare Prevention, Response, and Recovery Plans
- Objective 9 – Reduce Energy Consumption of Water Systems and Uses
- Objective 10 – Improve Data & Analysis for Decision-making
- Objective 11 – Invest in New Water Technology
- Objective 12 – Improve Tribal Water and Natural Resources
- Objective 13 – Ensure Access to Equitable Distribution of Benefits from the State’s Water, Waterways, Lakes, and Beaches
- Objective 14 – Improve Integrated Water Management
- Finance Planning and Finance Strategy Implementation
- Objective 15 – Align Land Use Planning and Integrated Water Management
- Objective 16 – Strengthen Alignment of Government Processes and Tools

**Limited by lack of stakeholder agreement and available data and tools**

**Will be published, but limited by lack of stakeholder agreement/Data and tool limitations**
Volume 1 – Strategic Plan

Chapter 1 – Planning for Environmental, Economic and Social Prosperity

Chapter 2 – California Water Today

Chapter 3 – Imperative to Invest in Innovation and Infrastructure

Chapter 4 – Companion Plans

Chapter 5 – Managing an Uncertain Future

Chapter 6 – Integrated Data and Analysis

Chapter 7 – Finance Planning Framework

Chapter 8 – Implementation Plan
California faces unacceptable risks from flooding, unreliable water supplies, and habitat and species declines.

Stakes are tremendously high and every Californian has a stake.
California must make its economy -- business and finance -- more stable with a higher degree of certainty that natural resources will be sustained over the long term, flood damages will be averted, water supplies will be reliable and predictable, and recreational opportunities will be improved.
Chapter 1 - Update 2013 Themes

Figure 1-1 Themes of California Water Plan Update 2013

Integrated Water Management
System flexibility and resiliency
Advocacy from implementers and financiers
Delivery of benefits using fewer resources

Government Agency Alignment
Clarification of State Roles
Reduction in implementation time and costs
Efficient achievement of multiple objectives

Investment in Innovation and Infrastructure
Stable and strategic funding
Priority-driven funding decisions
Equitable and innovative finance strategies

Integrated water management provides a set of principles and practices that include government agency alignment through open and transparent planning process. This leads to stakeholder and decision-maker support for investment ... in innovation and infrastructure.
Stable, priority-driven funding sources are essential to successful integrated water management.
Chapter 2 - Outline (Partial list)

- Planning For Stability Amid Extreme Diversity and Variability
- Land Use and Development Patterns
- Water Conditions
- IWM Funding and Expenditures
- Critical Challenges
- Responses and Opportunities
Chapter 3 - Outline (Partial list)

- A Critical Time to Invest
- Fundamental Lessons
- Looking to the Future — The Roadmap
  - Vision, Mission, Goals, Guiding Principles, Objectives
- Role of State Government to enhance Integrated Water Management
Chapter 8 – Implementation Plan

- IWM Objectives (13 in Update 2009)
- Related Actions (115 in Update 2009)
- Broad range of specificity
- Most actions from companion State plans
- Adding finance objective (and related actions) for Update 2013
Chapter 7. Finance Planning Framework

About This Chapter
The purpose of this chapter is to:
1. Create a common and comprehensive understanding of current [finance] conditions.
2. Provide a framework for improving integrated water management funding and finance.
3. Provide a menu and trade-off assessment of available finance mechanisms.
4. Present data, information and stakeholder input such that it supports findings, principles and shared value statements.
5. Document next steps for further implementing the finance storyboard and for creating effective finance recommendations in Chapter 8 – Implementation Plan.

This Update 2013 Finance Framework chapter addresses these topics:
- Key Definitions
- Findings
- Framework
- Next Steps

Key Definitions: [Note: This will be a box or sidebar]
- Funding –
- Finance –
- Finance Storyboard – A logically sequenced planning framework that provides a common language and understanding of the suite of finance issues that are critical for advancing statewide IWM finance planning.
- Finance Strategies –
- Expenditures –

Findings
The purpose of this section is to highlight findings derived from the data, analysis and stakeholder collaboration conducted as part of the Update 2013 process. The findings represent a significant step forward in the comprehensive understanding of complex finance mechanisms that, over time, were created in a disintegrated fashion. This information was used as the basis from developing the framework described in this chapter as well as shaping the finance objective and related actions in Chapter 8 – Implementation Plan.

Framework
During the Update 2013 process, a finance storyboard was developed in response to several observations and stakeholder input received early in the process. The most prominent observation was that there was no common language, much less common understanding of, the finance methods and issues across California’s geographic regions, IWM topics, and levels of government (e.g. local, state, federal, Tribal). The purpose of the storyboard for Update 2013, and beyond, is to identify, and provide an organization for, the suite of issues that are critical for advancing a statewide IWM finance planning effort. It also provided the structure and the flow of logic required to synthesize large volume of information and
Update 2013 Finance Planning

Next Steps

- Incorporate feedback received during today’s meeting
- Update 2013 Admin Draft to DWR executive management – May through June 2013
- Public Review Draft August 2013
- Release Final Water Plan Update March 2014