Update 2013 Finance Plan

Background and Purpose
Update 2013 Finance Plan

Driving the need for a statewide finance plan ....

- General Fund limitations
- Funding is a common impediment to implementation
- Lack of sustainability or stability of bond funding
- No existing statewide integrated water management investment or finance plan
“California needs a water finance plan with stable, continuous funding from an array of revenue sources… The finance plan should recognize the critical role of public-private partnerships and the principle of beneficiary pays; include alternative revenue sources; and guide investment decisions based on sustainability indicators”.

California Water Plan Update 2009
What to Expect from Update 2013 Finance Plan

OBJECTIVE:

Identify and prioritize critical State and regional water supply, water quality, flood management and environmental stewardship actions;

report their cost, and

recommend innovative, stable, equitable and fiscally-responsible financial strategies and revenue sources.
What to Expect from Update 2013 Finance Plan

DELIVERABLES:

• A first-of-its-kind statewide inventory/summation of all integrated water management investment plans and proposals

• Prioritized recommendations for (State) funding of integrated water management strategies and programs

• Recommendations for accompanying revenue sources

• Recommendations for resource management finance governance and accountability
What to Expect from Update 2013 Finance Plan

PRACTICAL DECISION-SUPPORT:

• Effective State executive and legislative decision-support

• Increased implementability

• Menu of potential revenue sources
What to Expect from Update 2013 Finance Plan

MORE PRACTICAL DECISION-SUPPORT:

• Partial to substantial consensus on certain recommendations

• Identification of areas of uncertainty or conflict that need more work

• Contingency plan for a “funding-constrained” future

• Coordinated planning of various funding needs and sources
Water Management Finance Proposals

Why Coordinate?

Partial List of Overlapping Elements:

- Resource management actions
- Cumulative impacts
- Governance
- Revenue sources
- Planning documents/processes
- Finance principles
- Priorities
Water Plan Update 2013

Timeline and Major Deliverables

Oct. 2009 Plenary Meeting

March 2010 Project Team Meeting

Nov. 2010 Launch Update 2013 Outreach

Feb. 2011 Release Work Plan

Jan. 2010 Update 2009 AC Meeting

July 2010 Public Meeting

Sept. 2010 Tribal Workshop

6 Steering Committee Meetings

Jan. 2011

We Are Here

Feb. 2011

Feb. 2012

April 2012

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Update 2013 Collaboration Venues

- Broader Public
- Target Audiences
- SA Steering Committee
- Caucus/Regions
- FAN
- TRIBAL AC
- SWAN

Advisory Committee

Caucus/Regions
Update 2013 Finance Plan

Role of Finance Caucus

- Statewide topic-based workgroup designed to support:

  - Coordinated finance planning in California
  - Discussions and deliberations of finance topics and issues
  - Expansion of information associated with statewide and regional integrated water planning
  - Informational updates to technical project teams, Public and Tribal Advisory Committees, and the State Agency Steering Committee
Update 2013 Finance Plan

Questions of Clarification
Update 2013 Finance Plan

Conceptual Framework
Projects, programs or policies that comprehensively address:

- Water supply
- Water quality
- Flood management
- Ecosystem values and functions
Update 2013 Finance Plan

Key Components

• Update 2013 Finance Plan Guiding Principles
• Estimated Integrated Water Management Costs through 2050
• Funding Priorities or Criteria
• Existing and New Funding Sources
• Cost/benefit Allocation
• Contingency Recommendations in the event of severe and sustained funding constraints
• Governance, Accountability & Appropriation
Potential guiding principle topics:

- Economic efficiency
- Beneficiary pays
- Co-equal goals
- Accountability
- Assurances
- Underserved communities
- Regional proportioning of funding
- State investment in public benefits
- Other
Areas of potential IWM costs:

- 27 Resource Management Strategies
- Federal, Tribal, State, Regional, and Local planning strategies
- Other funding proposals with water supply, water quality, flood management, environmental stewardship or natural resource nexus
Existing priorities derived from:

- CWP Regional Reports (*including IRWMPs*)
- State integrated water management finance plans
- Federal, Tribal, Regional and Local plans
- CWP Update 2013 Companion Plans
- Strategic Growth Council Plan
- AB 32 Scoping Plan
- Other
Update 2013 Finance Plan
Criteria For Prioritizing State Investment

Potential Topics for Priority Setting

- Water and energy nexus
- Economic efficiency
- Sustainability
- Co-equal goals
- Other
Examples of potential funding sources:

- G.O. bonds
- User fees
- Revenue bonds
- Federal funding
- Licensure
- Private funding
- Other
Potential Allocation Methods:

- Beneficiary pays
- Stressor pays
- Public benefits
- Cost sharing alternatives and criteria
- Other
Utility of Funding-Constrained Finance Recommendations:

- An assumption of a generation or more of very limited funding changes the criteria for setting priorities

- Capital-minimization finance plan

- Consequences/trade-offs of a sustained triage-based priorities

- Inform decisions under plausible future conditions
Update 2013 Finance Plan
Governance, Accountability and Appropriation

Example topics for consideration:

- Awarding of state financial assistance
- Continuous appropriation of potential revenue sources (*cited in preceding slides*)
- Audit processes
- One fund with multiple endowments
Update 2013 Finance Plan

Today’s Discussion Topics

1) Review of Finance Caucus Charter

2) Joint development of Update 2013 Finance Guiding Principles

3) Homework assignment (Worksheet handout)
   • Allocation of Costs
   • Sources of Revenue
   • Funding Criteria
   • Definition Building
Update 2013 Finance Plan

Next Steps

• Begin drafting narrative for framework and key components *(worksheets due May 19th)*

• Next Caucus meeting scheduled for May 19th

• Emphasis on Finance in Water Plan Venues Through Summer 2011