Meeting Purpose:
Achieve a common understanding of the Update 2013 finance planning background as required to support productive discussions at subsequent plenary finance sessions. Meeting materials can be found here: http://www.waterplan.water.ca.gov/materials/index.cfm

Welcome and Introductions
Paul Massera and Lisa Beutler led the welcome and introductions.

Finance Planning Framework Introduction
Paul Massera provided the introduction to the Finance Planning Framework and comments were solicited from Plenary participants.

Draft IWM Benefit Definitions for Update 2013 Finance Planning Framework Handout
- Stakeholder recommended that “water usage efficiency” be added as a benefit/outcome. Paul Massera explained that the benefits/outcomes should not include actions, but things we as a society want to occur; like the benefits of improved efficiencies which are dependent on where projects are implemented and how the savings are allocated. Many of the desired benefits associated with water usage efficiency (and other resource management strategies) are included in water supply reliability, environmental stewardship and other benefit categories.
- Stakeholder noted that an economic-based benefit should be added as a separate benefit type. Because of certain IWM activities, new businesses crop up, and existing business grow, to promote economic growth. Economics is incumbent in IWM planning.
  - Another stakeholder commented that economics is a filter of benefits, but not a benefit itself. If economics were added as a benefit, then social and cultural should also be added.
  - Stakeholder suggested replacing the “Affordability” benefit type with “robust and equitable economy”, “economic stability”, “sustainable economy”, or “economic competitiveness”.
  - Paul Massera noted that, currently, the benefit definitions highlight how benefits help support economic stability. For example, a resource-dependent value of water supply and supply reliability is a “diverse portfolio of economic activity for each region”. The Water Plan team will examine suggested characterizations of economic benefits.
- Stakeholder suggested rewording some of the benefits. Some benefits are stated in positive terms (i.e., groundwater overdraft reduction, flood damage reduction). But others are expressed in neutral terms (i.e., energy, environmental) and lack a connotation that they are benefits.
Stakeholder noted that it is unclear whether the “Food Security” benefit type includes food grown for export. This is important because food grown for export is a big driver in water management decisions.

Stakeholder recommended to combine the “Fuel Load Management” benefit type under the “Environmental” benefit type because the “Environmental” benefit type seems to broadly capture many other activities.

Lisa Beutler noted that impacts of fuel load management are important for water supply and flood management, but acknowledged that the definition for fuel load management may need to be improved.

Stakeholder noted that the “Affordability” benefit type seemed to focus on disadvantaged communities, but there could be many water management activities that are not affordable for even wealthy communities.

Stakeholder suggested to revise the first IWM Benefits within the “Affordability” benefit type and “Drought preparedness” benefit type to include industrial activities (i.e., “Water supplies (of sufficient quality and certainty) and affordability to support new/existing housing, agricultural, commercial, and industrial activities”).

Stakeholder noted that since every other benefit type included more than one IWM benefit, “fuel load management” benefit type should also have more than one benefit listed.

Stakeholder noted that the benefits should be mapped to the resource management strategies so that the relationships between the two are clear.

Stakeholder noted that the California Water Plan should inform the Legislature to think about funding IWM benefits instead of types of projects.

Draft Storyboard for Water Plan Update 2013 Finance Plan

Stakeholder noted that when developing Component 5, State Role and Partnerships, a distinction should be made between funding as an incentive versus funding a necessary resource.

Stakeholder noted that the following text in Component 5 of the storyboard should be revised or deleted: “Multiple packages of recommended activities will be developed for the different planning horizons and sets of assumptions about the future.

Stakeholder noted that the reference to “various assumption sets” in Component 8 should be revised or deleted because there will only be one future assumption set for California Water Plan 2013. Stakeholder recommended revising to “available assumption sets” as a possible solution.

Two stakeholders noted that Component 6 “Funding, Who and How” is confusing and can be easily misinterpreted. Some may interpret “who” as being which agencies will receive funding. One suggestion was to focus on what will be funded (what projects are the highest priorities?) instead of “who”.

Paul explained that Component 2 and Component 5 inform what is being funded, but acknowledged that there might be a need for a new component between Component 5 and Component 6 that defines “what” is being funded. Defining what should be funded would support the development of future costs in Component 6.

Update 2013 Finance Planning Framework Handout

Regarding the Finance Decision Support System (Chapter 6), stakeholder asked if that system could be used across a spectrum of planning activities such as evaluating investment policies or legislative package proposed by others.

Lisa noted that this was the original thought, but there are challenges in achieving this. It will at least help refine some common baseline assumptions about the future.
- Stakeholder asked whether the Finance Planning Framework could help inform the IRWM regions to inform their own financing on a regional level.

**Miscellaneous**
- Stakeholder noted that describing how IWM and the Finance Planning Framework are related to IRWM at the regional scale would be helpful to provide a complete story.
  - Another stakeholder notes that many tribes don’t see the IRWM program being discussed in the California Water Plan in general.
  - Another stakeholder described their confusion over how IWM and IRWM are different or related.
- Stakeholder noted that tribes must be taken into account when gathering finance information in addition to federal, State, and local governments.
- Stakeholder noted that the Finance Planning Framework should align and optimize existing funding sources instead of just focusing on identifying new funding sources. For example, if there is a stream restoration program and there are three State funding programs and a federal funding program, how could these funding sources be optimally aligned?