## Plenary PRD Review Sessions

### Plenary Sessions by Water Plan Volume

#### The Strategic Plan
- **Day 1**: 1 – 4: 10:15 a.m.
- **Day 2**: 5 & 6 9:50 a.m.
- **Day 1**: 7 4:00 p.m.
- **Day 2**: 8 1:30 p.m.

#### Regional Reports
- **Day 1**: Content 10:15 a.m.
- **Day 2**: Specific Regions 9:50 a.m.
- **Day 2**: Outreach 11:15 a.m.

#### Resource Management Strategies
- **Day 1**: General 1:50 p.m.
- **Day 2**: Outreach 7:30 a.m.
- **Day 2**: Ag Land 9:50 a.m.
- **Day 2**: Culture 9:50 a.m.
- **Day 2**: DeSal 11:15 a.m.
Volume 1 Chapters

Chapter 1 - Planning for Environmental, Economic, and Social Prosperity

Chapter 2 – Imperative to Invest in Innovation and Infrastructure

Chapter 3 - California Water Today

Chapter 4 – Strengthening Government Alignment
Chapter 5 - Managing an Uncertain Future

Chapter 6 – Integrated Data and Analysis: Informed and Transparent Decision-Making

Chapter 7 – Finance Planning Framework

Chapter 8 – Roadmap For Action
Finance Planning Framework
Chapter Purpose

- Begin developing a common understanding of comprehensive State integrated water management (IWM) finance planning
- Identify and provide solutions for finance-related issues that are impeding effective State IWM solutions
- Guide State government funded investments in IWM
Update 2013 Public Review Draft Finance Framework Components

1. IWM Scope and Outcomes
2. IWM Activities
3. Existing Funding/Expenditures
4. Funding Reliability
5. State Government Role and Partnerships
6. Future Costs
7. Funding, Who and How
8. Trade-Offs
Finance Planning Framework
Key Messages

Logical structure and sequence for financial plan development to help overcome challenges:

- Stakeholders operating from completely different sets of information prepared for disparate purposes
- Incomplete information, drawn out of context, and grounded in different assumptions
- Reliance on information prepared for specific uses to make broader assumptions
California water managers are being asked to do more with less

Provide more public safety, environmental stewardship and economic growth despite:

- Economic downturn
- Rising public sector debt
- Weakening public support for additional investments
Finance Planning Framework
Key Messages

$200 billion needed over next 10 years

State government GO bond debt:

$1,130 per Californian in 1999

$3,400 per Californian in 2010
Debt is not the only metric for measuring economic prosperity

Borrowing remains a necessary and cost-effective method of financing capital-intensive projects

Bottom line on debt - There are risks and costs associated with borrowing that should be fully considered in future financing strategies
**Finance Planning Framework Key Information**

### Figure 7-1 History of Funding for Water Management in California

<table>
<thead>
<tr>
<th>Theme of Era</th>
<th>Federal Investment</th>
<th>Infrastructure Expansion</th>
<th>Water Resources Development / Protection</th>
<th>Current State Bond Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1850 - 1920 Development and Growth</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1920 - 1950 Federal Investment</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1950 - 1970 Infrastructure Expansion</td>
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</tr>
<tr>
<td>1970 - 2000 Water Resources Development / Protection</td>
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<td></td>
</tr>
<tr>
<td>2000 - Current Current State Bond Funding</td>
<td></td>
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</tbody>
</table>

### Significant Actions

- **Construction of dams, canals and levees for transportation, agriculture and water supply occurred throughout this period in the Central Valley, Bay Area and, most notably, in the Sac/S.J. Delta**
- **Central Valley Project**
- **USACE and Bureau of Reclamation involvement in water conservation, water supply, flood management, and wildlife protection projects**
- **State water project constructed**
- **National Flood Insurance Act of 1968**
- **Continued flood infrastructure development**
- **State and Federal environmental laws enacted (Clean Water Act, Endangered Species Act, California Endangered Species Act California Environmental Quality Act)**
- **State bond funded infrastructure improvements, planning and emergency management preparedness projects**

### Financing Mechanisms

- **Levee construction by land owners and reclamation districts**
- **Federal funding of flood control projects (e.g. Los Angeles River and, Sacramento River Flood Control Project)**
- **Flood Control Act of 1928 – Authorized the USACE to construct projects on the Sacramento River for flood control**
- **Flood Control Act of 1944 authorized the Lower San Joaquin River & Tributaries Project**
- **General obligation bonds for State Water Project**
- **Utility rates, revenue bonds, and fees fund local agency projects**
- **1973 statute required local and state cost sharing of projects (Senate Bill 399 Sec 12585.2 of the California Water Code, Amended in 1973 (Chapters 893))**
- **Clean Water Act funds variety of Federally authorized projects**
- **1973 Way Bill (California Water Code §12980-12991) set requirements for State funding of non-project levee maintenance and improvement costs**
- **Passage of several Propositions with IWM components**
  - Prop 13
  - Prop 12
  - Prop 40
  - Prop 50
  - Prop 1E
  - Prop 84
  - 2014 Bond (potential)
Finance Planning Framework

Key Information

Figure 7-3 Recent Trends in Local, State, and Federal IWM Expenditures (in millions) 1995-2010

- Local Expenditures
- State Expenditures
- Federal Expenditures

Expenditures ($2010 in Millions)

Fiscal Year
Figure 7-5 General Obligation Water Bond History, 1970-2010

- Unissued Authorized General Obligation Bonds
- Issued Authorized General Obligation Bonds
- Annual Debt Service
- Annual Debt Service Per California Household

Figure note: Debt service is applicable to issued GO bonds only.
Source: Department of Finance 2012
Figure 7-4 Total Authorized State General Obligation Bonds in California

- Education 65%
- Transportation 9%
- Miscellaneous 5%
- Correctional 5%
- IWM 18%

$79 Billion (2005)

$128 Billion (2011)

- Education 46%
- Transportation 31%
- Miscellaneous 5%
- Correctional 2%

$37 Billion (1999)
Reliable funding requires a suite of revenue sources.

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Appropriate Uses</th>
<th>Feasibility</th>
<th>Key Tradeoffs</th>
<th>Application in California</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>Activities that benefit the general public</td>
<td>Available each year, but subject to competing uses</td>
<td>Funds are limited</td>
<td>A common source of funding</td>
</tr>
<tr>
<td>General Obligation Bonds</td>
<td>Projects that benefit the general public</td>
<td>Commonly used</td>
<td>Subject to a vote</td>
<td>Commonly used, but some concern about getting future bonds approved</td>
</tr>
<tr>
<td>Revenue Bonds</td>
<td>Projects where a dependable revenue stream is available</td>
<td>A standard method of financing</td>
<td>None</td>
<td>A typical method of financing for local and state projects</td>
</tr>
<tr>
<td>User Fees</td>
<td>Projects where direct beneficiaries are easily identified.</td>
<td>Potentially works well with clearly defined beneficiaries, less likely to work for projects with significant public benefits.</td>
<td>Will focus projects to those with local scope which may undermine IWM efforts. May limit state's ability to increase fees and taxes to support other projects.</td>
<td>State Water Project is an excellent example as over 90% of project cost will be repaid by direct beneficiaries (contractors).</td>
</tr>
<tr>
<td>Assessment Districts</td>
<td>'general' public benefit. Work can be formed by majority vote but must support local projects that do not provide a 'general' public benefit.</td>
<td>The state could coordinate with local government to support general benefit.</td>
<td>Assessment districts cannot be used to support general benefit.</td>
<td>1911 and 1913/1915 assessment districts are widely used by local governments in California.</td>
</tr>
</tbody>
</table>
Finance Planning Framework

Key Information

- Basic State government IWM obligations, commitments and responsibilities of State government
- Future role of State government & public financing
- Shared values to guide decisions for State government investment and prioritization
  - Prioritization of State Government Investments
  - Fiduciary Responsibility
  - Beneficiary and Stressor Responsibilities
Cost effectiveness, efficiencies, and accountability
Avoid stranded costs and funding discontinuity
Leverage funding across State government agencies
Increase certainty of desired outcomes
Prioritization based on shared funding values, defined principles
Utilize Update 2013 Framework for apportioning IWM investment
Enhance stewardship of State government monies
How can this chapter be improved to more clearly or thoroughly represent the intended purpose?
We are pleased to release the Public Review Draft (PRD) of California Water Plan Update 2013 (Update 2013) for your review and comment according to this schedule. The content reflects input received from extensive collaboration with hundreds of stakeholders and dozens of State agencies.

<table>
<thead>
<tr>
<th>Volume</th>
<th>Release Date</th>
<th>Comment Deadline</th>
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<tr>
<td>1. The Strategic Plan</td>
<td>October 2, 2013</td>
<td>November 18, 2013</td>
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<tr>
<td>2. 12 Regional Reports</td>
<td>October 23, 2013</td>
<td>December 9, 2013</td>
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You may access and download the volume chapters in PDF format by using the Web link below. There are three options for sending us your comments — e-mail, fax, or postal mail. An Update 2013 navigation guide is also available to help expedite your review.

**Public Review Draft Web page:**
http://www.waterplan.water.ca.gov/cwpu2013/prd

**Navigating Update 2013 guide:**

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