

# Application of Water Plan Guiding Principles and Shared Values in the Finance Framework (Discussion Draft 5.2.13)

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**Purpose:** To establish a framework for guiding IWM expenditures we must first develop a set of shared values. These values can be grouped into three major categories—prioritization of expenditures, fiduciary responsibility, and cost allocation. These values are discussed in the following pages along with the 2009 CWP guiding principles that support them. Shared values will be included in Chapter 7 – Finance Framework and/or reflected in revised objectives for the 2013 Update.

**Instructions:** After reviewing and discussing the following three pages, please provide feedback below using the following question to guide your responses:

*What would you add, subtract or change to better support decision-making?*

*Which shared values should be incorporated into the overarching Update 2009 Guiding Principles and which should be more focused on the finance framework?*

## Prioritization of Expenditures - Investment decisions will include economic, environmental, and social criteria.

- a) Decisions will be informed and priorities will be set using a process that includes broad stakeholder interests and includes public participation. Preference will be given to projects with regional and statewide multiple-benefits and to disadvantaged communities.
- b) Cost and benefit data used in the analysis should include life cycle costs and emphasize long term planning. Stranded costs should be avoided, and all costs should be included in the analysis, such as monitoring, planning, construction, operation, maintenance, mitigation, and externalities.
- c) Decisions may need to be made despite limited knowledge. Deferring decisions until more is known generally increases cost of implementation, creates more (or perpetual) hesitation and forgoes opportunities to create benefits.

2009 CWP Guiding Principles that relate to these shared values.

**2. Promote management for sustainable resources on a watershed basis.** Wisely use natural resources to ensure their availability for future generations. Promote activities with the greatest multiple benefits regionally and statewide. Consider the interrelationship between water supplies, water conservation, water quality, water infrastructure, flood protection, energy, recreation, land use, economic prosperity, and environmental stewardship on a watershed or ecosystem basis.

**4. Increase regional self-sufficiency.** Implement resource management strategies that reduce dependence on long-term imports of water from other hydrologic regions, particularly for meeting additional future water demands and during times of limited supply such as a drought or interrupted supply after a catastrophic event, such as an earthquake. As part of a diverse water portfolio, short-term water transfers between regions that are environmentally, economically, and socially sound, can help increase regional self-sufficiency overall.

**6. Determine values for economic, environmental, and social benefits, costs, and tradeoffs to base investment decisions on sustainability indicators.** Evaluate programs and projects recognizing economic growth, environmental quality, social equity, and sustainability as co-equal objectives. When comparing alternatives, determine the value of potential economic, environmental, and social benefits; beneficiaries; costs; and tradeoffs. Include a plan that avoids, minimizes, and mitigates for adverse impacts.

**7. Incorporate future variability, uncertainties, and risk in the decision-making process.** Use multiple future scenarios to consider drivers of change and emerging conditions, such as population growth and climate change, when making planning, management, and policy decisions.

**10. Use science, best data, and local and indigenous peoples' knowledge in a transparent and documented process.** When appropriate and possible, use data, information, planning methods, and analytical techniques that have undergone scientific review.

## Fiduciary Responsibility - The State will be fiscally responsible with public monies and be stewards for the disadvantaged.

- a) Decisions about investments must be in line with reasonable expectations about availability of future revenues, cost of borrowing and risks of indebtedness. This includes matching investments with appropriate funding mechanisms.
- b) Good stewardship of public monies includes accountability, discipline to spend reasonably, clarity of purpose and personal integrity by those entrusted with public monies. Good stewardship engenders trust and increases the public's willingness to pay for future IWM activities.
- c) The public has a responsibility to help those who can't help themselves. Public funding is also appropriate for helping communities meet regulations that they cannot fully cover.
- d) Funding should not be redirected from its intended benefits or beneficiaries. This includes avoidance of redirected funds during fiscal or other crises that were foreseeable and that resulted from decades of intentional policy decisions.
- e) Amount of time needed to repay debt, shouldn't exceed length of time that benefits exist.

### 2009 CWP Guiding Principles that relate to these shared values.

**1. Use a broad, stakeholder-based, long-view perspective for water management** to (1) promote multi-objective planning with a regional focus, (2) coordinate local, regional, inter-regional, and statewide initiatives, (3) recognize distinct regional problems, resources, and assets, and (4) emphasize long-term planning (30- to 50- year horizon) while identifying near-term actions needed to achieve the plan.

**5. Promote regional coordination and collaboration among local governments and agencies, public and private organizations, and Tribal governments and Tribal communities,** particularly those that are involved in activities that might affect the long-term sustainability of water supplies, water quality, and flood protection within the region. Regional planning should include a public review process with open and transparent decision-making and substantive Tribal consultation, as well as education and outreach for the public, tribes, stakeholders, and decision-makers.

**8. Apply California's water rights laws, including the longstanding constitutional principles of reasonable use and public trust, as the foundation for public policymaking, planning, and management decisions on California water resources.** Recognize that certain natural resources including water, tide and submerged lands, the beds and banks of navigable rivers, and fish and wildlife resources are owned by the public and held in trust for present and future generations of Californians. Native American Tribes also depend on these natural resources for subsistence and cultural heritage. Effectively applying existing water rights laws and the twin principles of reasonable use and public trust will provide water for future generations while protecting ecosystem values.

**9. Promote environmental justice—the fair treatment of people of all races, cultures, and incomes.** State sponsored or public-funded resource management projects must include meaningful community participation in decision-making, and consider factors like community demographics, potential or actual adverse health or environmental impacts, and benefits and burdens of the project on stakeholder groups.

## Cost Allocation- Those receiving benefits should pay for them if they have the capability to do so.

- a) Those receiving benefits should pay for them. A nexus and proportionality must be established between charges and benefits. This value recognizes the concept of equity regarding value exchange (i.e. paying in proportion to what you receive).
- b) Public funding should pay for broad statewide benefits. The public pays for legacy impacts on California's natural resources when those responsible cannot be identified or no longer exist. Assignment of costs to entities that currently engage in an activity that involves an impacted area should be proportional to their current impacts; not legacy impacts. Public funding should be proportional to the public interest. Some impacts need to be addressed before costs are assigned and it is appropriate in some cases for legacy impacts to go unaddressed indefinitely.

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