

Water Plan Finance Framework Findings

(Discussion Draft 5.2.13)

Purpose: 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 will be used as the basis for developing the framework described in this chapter as well as shaping the finance objective and related actions in Chapter 8 – Implementation Plan.

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 development of the finance objective and related actions?

- A. There is a need for an IWM finance planning framework to support a common understanding of current [finance] conditions and to guide end-to-end collaboration from the scoping of needed IWM investments to clarifying State government roles to improving prioritization and finance strategies.
- B. Although water supply/quality, flood management and environmental stewardship projects are managing a common resource (land and water) often in the same location or system, funding has been, and continues to be conducted in a manner that is not conducive to integrate or otherwise improve. *(For example: Agencies that are partially funded through development fees or special project assessments can be limited by assessment-zone boundaries.)*
- C. Overlapping, misaligned, and at times conflicting responsibilities and priorities among natural resource conservation and regulatory agencies complicate the task of improving public safety, fostering environmental stewardship, and supporting economic stability through IWM.
- D. Finance strategies and protocols have changed over time, generally in uncertain, unstable, and fragmented ways.
- E. Effective and efficient public funding for IWM would require increased alignment among public agencies to deliver the most economical multiple-benefit projects.
- F. IWM project planning and implementation funding has generally not included life-cycle analysis needed to adequately consider monitoring, operations and maintenance, and environmental mitigation costs.
- G. Expenditures on IWM have been increasing in recent years due to the passage of State G.O. Bonds, but that has led to State expenditures for IWM becoming increasingly inflexible, variable (i.e. annual funding levels) and unpredictable.
- H. Total authorized bond debt across all State government activities increased from \$38 billion in 1999 to \$128 billion in 2011. On a per capita basis, total G.O. bond debt increased from \$1,130 to over \$3,400 per person.

- I. Water related annual debt service is close to an all time high of \$72 per household.
- J. By 2011, almost 20 percent of total authorized State G.O. bonds were for water management.
- K. State government revenues from special projects and fees have steadily increased from 2001-2010.
- L. Local entities such as special districts and cities account for the largest portion of IWM expenditures.
- M. Federal investment has historically been the primary source of funding for flood management, and is currently decreasing relative to state and local investments.
- N. \$575 billion in structures are at risk in the 500 year floodplains, which doesn't include economic impacts to families, communities, local businesses, and entire regions when worksites and critical public facilities are closed due to flood damage.
- O. The costs of ongoing operations and maintenance on existing facilities, along with increasing permitting costs, consume a significant portion of local agency budgets. In addition, local agency budgets are often unable to collect set aside funds to refurbish/replace aging infrastructure.
- P. Existing State bond funding for flood management will be depleted by 2017.