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**MEETING SUMMARY**

**CALIFORNIA WATER PLAN UPDATE 2013**  
**IWM FINANCE PLANNING OBJECTIVE**  
**10:00 – 11:00 A.M.**  
**815 S STREET, SACRAMENTO, CA**

**Meeting Objectives**

Discuss and suggest revisions for the Related Actions associated with the Update 2013 Objective relating to Integrated Water Management (IWM) Finance Planning:

“State government uses consistent, reliable and diverse funding mechanisms with an array of revenue sources to support statewide and regional IWM activities; and makes future State government investments in innovation and infrastructure (green and grey) based on an adaptive and regionally-appropriate prioritization process.”

**Welcome, Introductions and Agenda Review**

The Update 2013 Objectives Web-a-thon was held on June 13-14, 2013 to discuss the draft 17 Objectives and the associated Related Action for the Water Plan. Introductions were made around the room and online. Paul Massera, DWR, Program Manager Update 2013, welcomed everyone and noted that an online wrap up session will be conducted on July 9<sup>th</sup>, to conclude any items needing additional discussion including the Finance Objective. He explained that the workbook was prepared by DWR staff and subject matter experts, and is for discussion purposes only. The first few pages of this draft document provide definitions of terms and the Water Plan mission, vision and goals – which sets the context for the objectives and related actions. A brief review of the Conjunctive Use objective and related actions (found on pages 55-58 of the workbook) would be followed by discussion on the text.

**Overview**

Jose Alarcon, DWR Project Team, provided brief background on how the objectives and related actions were developed. He and Francisco Guzman have reviewed the 37 Featured State Plans, related state agency plans with bearing on the Water Plan, and correlated the respective recommendations with the Water Plan objectives. These were forwarded to the subject matter experts for consideration in updating the related actions for each objective. Collectively, the objectives identify what is needed to accomplish the goals of the Water Plan. The related actions represent what is needed to accomplish each particular objective. The workbook contains a column for performance measures, which will help track each action and inform the next Water Plan Progress Report. Draft measures have been proposed for some of the objectives, and feedback is welcomed on potential performance measures – as well as the objectives and related actions.



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## Document Walk Through

Paul Massera reviewed the Finance Objective. He noted that the related actions were developed through conversations with the Finance Caucus and Public Advisory Committee. Quite a bit of detail is provided in the last column which provides notes on each action.

A suggestion was made to provide a column to indicate funding status or categories – for example: whether an activity is currently funded, has anticipated funding, or is unfunded. Another approach would be to say whether the activity is fully funded, partially funded or unfunded.

## Related Actions

The proposed Related Actions, and the ensuing discussion, are presented below. Please note that the actions below have been abridged from the original text and the sub-actions are not included:

1. Regional and local entities should continue their investments in IWM activities based on regional and local conditions, goals, priorities, and solutions....Regional and local investments should be augmented and amplified with State and federal public funding.

### Discussion:

- This action affirms the critical role that regional and local entities play in planning and implementing IWM projects.
  - Suggest changing the first phrase to: “Regional and local entities should continue investing in IWM activities...” .
  - Define “water governance.” (See sample definitions on page 6.)
2. State government should continue to provide incentives for Integrated Regional Water Management (IRWM) activities that achieve State goals and provide broad public benefits. (This includes technical and financial assistance for regional activities providing public benefits *and* that would not otherwise be cost effective. Incentives should be flexible to accommodate the State’s geographically and economically diverse regions.)

### Discussion:

- This action addresses the State’s role post-Prop 84, which is to continue to support IRWM activities.
- Include recreation as an example of public benefit. Both the Davis-Dolwig Act and flood control and watershed protection statutes in Water Code 12841 clarify that recreation must be a purpose of the state’s water resources development, flood control and watershed protection projects. They both clarify that providing recreational facilities is of benefit to all Californians.



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- Under the “examples” sentence, say: “...meeting public water needs including disadvantaged communities...”
    - Speaking broadly of meeting public water needs – this is open question as to whether these benefits should be paid for by beneficiaries or spread across the entire state. Adding this sentence seems to be taking a position on that argument.
    - It might be best to eliminate the examples and refer to other sections of the Water Plan that describe broad public benefits. There will be disagreements about whether certain investments provide broad public benefits, and the balance between beneficiary pays and public funding. Water agencies and water projects cannot be excluded unilaterally.
  - Look at tying in language and definitions of AB 682 here (right to water).
  - Add public safety as a benefit.
  - Add cultural and subsistence water uses as a public benefit.
  - Say: “technical and financial incentives for regional IRWM activities”
3. State government should improve and facilitate access to State and federal public revenue sources. Item #a: Create an online inventory of funding programs and revenue sources, with guidance on how to apply for these. Item #b: Support local entities in applying for funding – by providing technical and financial assistance and grant application training.

Discussion:

- No comments.
4. The Governor and Legislature should broaden the ability of public agencies to partner with private agencies for IWM investments – beyond California’s current limitation to pilot projects only.

Discussion:

- This reflects the growing interest in expanding private-public partnerships.
  - In addition to advocating broadening the abilities to partner, suggest that the Legislature identify some limiting criteria.
5. State government should focus its investments on IWM innovation activities that have broad public benefits using a more reliable, predictable and diverse mix of finance mechanisms and revenue sources, including, but not limited to, General Funds and General Obligation bonds. (Provides examples of innovation with broad public benefits, and describes best practices for the finance mechanisms supporting those activities.)



Discussion:

- This gets to the value of investing in innovation, and the need for continuity in funding.
- Should the first bullet say “State” water governance? There was a suggestion that IRWM is an innovation that supports water governance at the regional and local level.
- It was noted that the Strategic Growth Council Sustainable Communities Planning Grants are designed to promote effective and innovative efforts. Innovation implies that an effort may not work, representing a new approach that sounds promising – but doesn’t assure an effective strategy. That generates some tension with the idea of cost-effectiveness.
- A potential benefit is that State government invests activities that may be too risky for local and regional programs, but have potential to provide strong benefits to local and regional entities. This surpasses business as usual.
- Perhaps we should not use the word “focus” which seems to indicate that this will be the #1 priority. Also, innovation does not need to be just state government. Reword this to say something like: “State government should seek opportunities to partner in investments.” For example, there are innovative conservation programs which started out as a small program at Metropolitan Water District. The Bureau of Reclamation then joined in, as did the states of Nevada and Arizona. Local and regional governments and entities do fund innovative approaches.
  - The intent of this action is that if the State had available funds, an area of added-value investment would be to focus State funds on innovation. This doesn’t suggest that regional entities don’t invest – or that the partnership role isn’t important (which it is). Innovation will do the most to help move the state forward, now and in the future.
  - If State government has available funding, its priority may not be innovation. Innovation may not be the first priority for state investment. State government certainly has a priority, and needs to promote, innovation.
  - Should this say: “Leverage state funds through innovation for effective and efficient...”
  - Is this item intended for State investments in state activities, or in regional and local activities? Maybe the emphasis is on the State developing innovative approaches and passing them onto regional entities. The broad public benefits in the first paragraph seem to be focusing on state-level and strategic activities.



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- Shouldn't this be government at all levels, investing in these types of activities?
  - Is this promoting an outcomes-based framework?
  - Related Action #1 addresses that everyone will continue to make investments. Action #5 addresses State investments, which is appropriate for the State Water Plan. This item looks at how the state is focusing its investments. If the "focus" language remains, there should be language about the State meeting its existing commitments and that additional funding be focused towards innovation.
6. State government should reduce planning and implementation timeframes and costs associated with IWM activities by clarifying, aligning and reducing redundancies among State government agencies' policies, incentive programs and regulations.

Item #a: Convene an interagency IWM alignment group to recommend ways to reduce duplication and fragmentation among State agency approaches. Item #b: Prepare and update a "Return on State Government Investment" report card to track the benefits and value from State government investments.

Discussion:

- This action encourages better alignment to create efficiencies.
  - This action will be continued on July 9<sup>th</sup>.
7. The Governor and Legislature should establish a "State IWM Innovation and Infrastructure Investment Fund" (4I Fund) that provides a consistent and consolidated State water financing framework. (To prioritize and fund investments, improve transparency of State fund disbursements, enhance stewardship of State government fund.) The 4I Fund would be endowed by multiple finance mechanisms and revenue sources.

Discussion:

- This action focuses on an option for going forward to create a framework for the State's IWM priorities, which is independent of the funding sources. This is not intended to influence the proposed 2014 Water Bond, but would help pre-plan funding sources beyond that. This is further described in Chapter 7.
8. California Water Plan Update 2018 will enhance and refine the eight components of the Water Finance Storyboard as described in the "Next Steps" section of Chapter 7, the Finance Planning Framework.



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Discussion:

- No comments.

Sample Definitions

Regarding the term “water governance,” is this the meaning of water governance for CWP Update 2013? (From [www.watergovernance.org/whatiswatergovernance](http://www.watergovernance.org/whatiswatergovernance))

Water governance is defined by the political, social, economic and administrative systems that are in place, and which directly or indirectly affect the use, development and management of water resources and the delivery of water service delivery at different levels of society. Importantly, the water sector is a part of broader social, political and economic developments and is thus also affected by decisions outside of the water sector.

Water governance addresses among other things:

1. Principles such as equity and efficiency in water resource and services allocation and distribution, water administration based on catchments, the need for integrated water management approaches and the need to balance water use between socio-economic activities and ecosystems.
2. The formulation, establishment and implementation of water policies, legislation and institutions.
3. Clarification of the roles of government, civil society and the private sector and their responsibilities regarding ownership, management and administration of water resources and services, for example:
  - Inter-sectoral dialogue and co-ordination
  - Stakeholder participation and conflict resolution
  - Water rights and permits
  - The role of women in water management
  - Water quantity and quality standards
  - Bureaucratic obstacles and corruption
  - Price regulation and subsidies
  - Tax incentives and credits



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## Attendance

### *In-Room*

Dave Bolland, Association of California Water Agencies  
Al Herson, American Planning Association  
Alan Highstreet, CH2MHill  
Karl Longley, California Water Institute, UC Fresno  
Bob Siegfried, Carmel Area Wastewater District  
  
Jose Alarcon, DWR, Water Quality Lead  
Megan Fidell, DWR, RMS Coordinator, Progress Report Lead  
Kamyar Guivetchi, DWR, Manager, Statewide Integrated Water Management  
Paul Massera, DWR, Water Plan Program Manager  
Lewis Moeller, DWR, Water Plan Project Manager  
Elizabeth Patterson, DWR, Land Use Lead  
Terri Wegener, DWR, Manager, Statewide Flood Management  
  
Lisa Beutler, MWH, Water Plan Executive Facilitator  
Judie Talbot, CCP, Facilitator

### *Webinar*

Colin Bailey, Environmental Justice Coalition for Water  
Grace Chan, Metropolitan Water District of Southern California  
Anisa Divine, Imperial Irrigation District  
Cheryl Essex, State Parks  
Bruce Gwynne, Department of Conservation  
Zia Hosseinipour, Ventura County Watershed Protection District  
Stathis Kostopoulos, Metropolitan Water District of Southern California  
Margie Namba, Granite Construction  
Eric Osterling, Kings River Conservation District  
Chris Potter, California Resources Agency (Ocean Grants and Wetlands)  
Tony St. Amant, Water Policy Advocate  
Mark Stadler, San Diego County Water Authority  
Marsha Westropp, Orange County Water District  
Emilia Wisniewski, East Bay Municipal Utility District  
Betty Yee, Central Valley Regional Water Board  
Salomon Miranda, DWR, Floodplain Management