



The California Water Commission (Commission) is assessing a potential state role in financing conveyance projects that could help meet needs in a changing climate, as described in Action 19.4 of the Water Resilience Portfolio (Portfolio). The Portfolio is guided by Governor Newsom’s Executive Order N-10-19, which calls for a “set of actions to meet California water needs through the 21st century.”

Action 19.4 is a subset of Portfolio Action 19 to modernize inter-regional conveyance to help regions capture, store, and move water. This work is embedded in a section of the Portfolio focused on building connections by connecting physical infrastructure, data, people, and state agencies.

The Commission will develop recommendations regarding financing for conveyance projects that accommodate a changing climate by building connections across and between regions to advance statewide water resiliency. In a series of four regional workshops, the Commission is seeking input from diverse stakeholders throughout the state to learn more about their climate-driven conveyance needs and priorities.

## *Regional Water Conveyance Workshop* **WORKBOOK**

December 2020 and January 2021



## AGENDA

### Water Conveyance Workshops

Southeastern California (Colorado River, South Lahontan) – Tuesday, December 8, 2020

Southern California – Thursday, December 10, 2020

Northern California – Tuesday, January 12, 2021

Central California – Tuesday, January 26, 2021

#### Session Goals:

1. Hear from diverse participants about what is important to them
2. Create opportunities for Commissioners to hear directly from stakeholders
3. Identify broad regional conveyance priorities
4. Identify regional perspectives on public benefits of and financing for conveyance
5. Develop an understanding of how the region is preparing for climate change

Time	Item
--	Prework - Session participants are invited to provide input on what criteria the state should consider when assessing the effectiveness of conveyance in improving resilience at the local, regional, and state level. Add your thoughts at <a href="https://www.surveymonkey.com/r/CWC_criteria1">https://www.surveymonkey.com/r/CWC_criteria1</a> .
2:30 PM	1. Login, Handouts, and Meeting Logistics <ul style="list-style-type: none"><li>• Where are you from?</li></ul>
2:40	2. Welcome and Greetings <ul style="list-style-type: none"><li>• Session Goals, Definitions, Where We've Been, and Where We're Going</li><li>• Agenda Review</li></ul>
2:50	3. Panel Discussion - The Role of Conveyance in Water Resiliency for our Region <ul style="list-style-type: none"><li>• Q&amp;A</li></ul>
3:15	4. Large Group Discussion <ul style="list-style-type: none"><li>• Issues, Preparation, Priorities</li><li>• (As time Permits) Criteria</li></ul>
3:45	5. Introduction to Discussion: Public Benefits and Financing Mechanisms and Challenges
3:50	6. Breakout Session 1 – PARTNERSHIPS & PUBLIC BENEFITS
4:10	7. Breakout Session 2 – FINANCING CHALLENGES & MECHANISMS
4:30	8. Report outs
4:55	9. Next Steps
5:00	10. Adjourn

## Session Pre-Work

While you are waiting for the session to start, if you haven't already, please complete the pre-work survey at [https://www.surveymonkey.com/r/CWC\\_criteria1](https://www.surveymonkey.com/r/CWC_criteria1).

## Workshop Questions and Discussions

[Agenda Item 1](#) – Where are you from?

During the live Zoom meeting, reply here: <https://pollev.com/lisabeutler208>



## Agenda Item 2 – Background and Definitions

### Introduction

The Commission is assessing a potential state role in financing conveyance projects that could help meet needs in a changing climate. This work is precipitated by a convergence of factors that make considering how to finance conveyance both timely and important. Climate change is no longer an impending threat: California is experiencing the impacts of a warming world, including sea level rise, temperature extremes, and a more variable and extreme precipitation patterns. At the same time, water conveyance structures within the state are aging, damaged by subsidence, and in need of repair.

Adapting to climate change will require improved and new conveyance designed for different purposes than historic infrastructure. Limited funding, a growing population, and the need to recover both damaged aquatic habitats and over-drafted groundwater aquifers necessitate a smart, careful analysis of conveyance investments.

### The Commission's Approach

To advance its work, the Commission is convening expert panels and conducting regional workshops. The output of this effort will be a white paper with recommendations for state policymakers, describing key issues and mechanisms to consider as they weigh how to finance water conveyance infrastructure. The paper will describe characteristics of resilient water conveyance projects that meet the needs of a changing climate, the potential public benefits of such projects, and the implications of various financing options. The paper will focus on conveyance other than the pending proposal to improve State Water Project conveyance through the Sacramento-San Joaquin Delta.

The Commission is also requesting input through surveys. The first survey seeks input on what criteria the state should consider in assessing the effectiveness of conveyance in improving resiliency at the local, regional, and state level. You are welcome to add your thoughts at [https://www.surveymonkey.com/r/CWC\\_criteria1](https://www.surveymonkey.com/r/CWC_criteria1).

### Definitions

#### **Conveyance**

The Commission discussion of investment in conveyance includes consideration of grey (constructed) and green (natural) infrastructure, and conveyance policies and governance. Conveyance involves moving water from one place to another, and usually involves some form of conveyance infrastructure, typically pipes and canals, as well as streams and rivers. These physical attributes are underpinned by legal, regulatory, and policy frameworks that can promote the movement of water (e.g., water transfers).

#### **Resilience**

Resilience is the ability of a system to respond to and accommodate change, transforming to ensure its functionality and longevity for an extended time horizon. A resilient water system accounts for environmental water needs as well as the needs of all humans, including those who do not currently have safe and reliable water.

Agenda Item 3 – Panel Discussion on the Role of Conveyance in Water Resilience for this Region

Panelists will discuss historic use/reliance on conveyance, the role of conveyance in creating water resilience, particularly under climate change, and the top three issues they would like the workshop participants to focus on during the deliberations.

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Agenda Item 4 - Large Group Discussion

You are encouraged to share your ideas. Please raise your hand to speak or write your thoughts in the “chat” box.

Discussion Questions	Notes
1. What are the major water-related issues that your region is facing? Will climate change have an impact on those issues?	
2. How are you and others in the region preparing for changing hydrology (less snow, more rain, more extreme drought/flood)?	
3. What types of climate-resilient conveyance projects are a priority in your region?	
4. (As time permits) Prework survey responses to resilience criteria will be reviewed. What are your reactions? Is there anything else to add?	

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## Agenda Item 5 – Introduction to Public Benefits and Financing Discussion

### Public Benefits

Determining the public benefits that warrant state financing requires selecting public priorities that the state wishes to advance. The Commission may choose to focus on:

- Benefits that are important to the people of California but do not readily accrue to private users, such as greenhouse gas emissions reduction or habitat and ecosystem enhancement.
- Benefits of statewide scale and importance that address challenges beyond the scope of any region, such as subsidence, sea level rise/saltwater intrusion, water quality, or flood protection at a scale that exceeds the responsibility of a single region, that is not feasible for a region to accomplish alone, or that poses significant risk to the people and resources of California.
- Benefits to catalyze progress and systemic change. State funding may be justified to encourage innovative projects or foster cooperation among different jurisdictions to achieve resilience.

In light of the current, COVID-related recession, the state may also consider economic stimulus as a public benefit, using funding to spur economic growth.

The benefits of each project will vary: a careful evaluation of the project will determine who benefits, how to assign costs accordingly, and which projects provide significant aggregate benefits to warrant state financing.

Ultimately, the Commission will consider how the State can be explicit about what it is getting out of a project by asking: What public priorities is a project meeting? Do the public benefits outweigh the impacts (e.g., to the environment)? Is there a way to meet public priorities in a more cost effective, sustainable way?

### **State Responsibilities**

- The state of California has codified a human right to water in section 106.3 of the California Water Code, which specifies that “every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.” This human right to water extends to all Californians; the state has a responsibility for ensuring water is provided for human consumption.
- Enhancing public trust resources, such as fisheries, wildlife, aesthetics, and navigation, beyond what is required under existing regulatory requirement;
- Ensuring public health and safety by providing a backstop to the cities, counties, and special districts tasked with the daily oversight of these matters;
- Establishing state resource goals by enacting statutes and creating new programs and facilitating the achievement of these goals through planning or by removing impediments, such as lack of experience in working towards that goal, institutional conflicts, or fear of liability; and
- Establishing and enforcing rules of behavior, which may include funding research or the completion of products necessary to support the establishment or enforcement of rules of behavior.

## Assessing Financing Mechanisms and Challenges

Because there is no immediate source of state funding for conveyance projects on the horizon, the Commission will broadly assess possible financing mechanisms for conveyance infrastructure, including local, federal, and private financing. The Commission's work will examine how conveyance needs, opportunities, and priorities at the local and regional level might contribute to broader resiliency, and how, when state funds are available, the state could use its funding to advance the statewide benefits of these projects.

Understanding how to advance conveyance projects that spur resilience to climate change necessitates a review of current financing mechanisms and the funding challenges with which future investments must contend. Looking at existing financing for conveyance infrastructure will help to build the Commission's understanding of the financing options available going forward. Generally, water users pay for water infrastructure with some state and/or federal match. Local contributions generally come in the form of property taxes, general revenue – such as sales and other taxes, water fees for water services – such as monthly water bills, and special assessments and taxes levied by local districts for water services. State and federal contributions may come in the form of grants or loans. Emerging financing mechanisms may include Enhanced Infrastructure Finance Districts, public private partnerships, a public goods charge, and green bonds.

It is possible that the state may receive unrestricted federal stimulus funds, which could be used for water infrastructure. If federal stimulus funds mimic those provided during the 2008 recession, the funds may need to be utilized quickly on shovel-ready projects. The ability to efficiently navigate cumbersome regulatory frameworks will make it easier to ensure that projects that provide important public benefits are poised to receive federal stimulus funds.

Other financing challenges include Proposition 218, which limits water districts' ability to raise funds for programs and projects that benefit the greater good, such as "lifeline" discounts to low-income households.

The Commission will consider the advantages and disadvantages (including political challenges) associated with using various funding sources and mechanisms, and how these mechanisms can be applied to promote resilient conveyance projects.

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### Agenda Item 6 - Breakout Session 1

Working in a small group setting, participants will interact with one another to consider two questions on **Public Benefits**.

1. How important are partnerships in the projects you are considering? What are the partnerships that are needed to work at a watershed or basin scale?
2. What are the public benefits of conveyance projects that the state should prioritize for financing?

Staff or a facilitator will be assigned to your group to watch time and encourage discussion. About 15 minutes have been allotted to discussion. The small group should select a spokesperson to share their findings with all the participants.

### [Agenda Item 7 - Breakout Session 2](#)

Working in a small group setting, participants will interact with one another to consider two questions on **Financing**.

1. What are the biggest challenges to financing conveyance projects? What role can the state play in overcoming these challenges?
2. What funding mechanisms will best advance resilient water conveyance that could help meet needs in a changing climate?

Staff or a facilitator will be assigned to your group to watch time and encourage discussion. About 15 minutes have been allotted to discussion. The small group should select a spokesperson to share their findings with all the participants.

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### [Agenda Item 8 – Report Outs](#)

The moderator will provide instructions on reporting out.

Notes:

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### [Agenda Items - 9 & 10](#)

The team will describe next steps and the session will be adjourned.



