



<b>Conveyance Workshop Report and Financing Mechanisms and Challenges Panel</b>
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### **Introduction**

As directed by the Water Resilience Portfolio, the Commission is assessing a State role in financing conveyance projects to meet the needs of a changing climate. The Commission's work will result in a succinct paper describing key issues and considerations, including recommendations for state policymakers to consider as they weigh the financing options for water conveyance infrastructure. The paper will describe the essential criteria for 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 October Commission meeting initiated the phase of the Commission's work focused on gathering public input. During this phase, the Commission heard from expert panels and conducted regional public workshops, gathering information from experts and stakeholders to shape its recommendations. This phase is projected to conclude in the spring of 2021 and will be followed by drafting and finalizing the Commission's recommendations, with a projected end date of mid-2021.

At this meeting, the Commission will receive a presentation that summarizes the input received through its four regional public workshops. In December 2020 and January 2021, the Commission held virtual workshops for each of the following regions: Southeastern California (December 8<sup>th</sup>), Southern California (December 10<sup>th</sup>), Northern California (January 12<sup>th</sup>), and Central California (January 26<sup>th</sup>). The Commission encouraged broad participation, with the goal of learning from diverse voices across the state. At the workshops, the Commission gathered information about conveyance priorities, climate change preparedness, essential criteria for resilient water conveyance projects, the potential public benefits of such projects, and the implications of various financing options.

Following the workshop discussion, the Commission will hear an expert panel on water infrastructure financing mechanisms and challenges. Panelists will provide information about various public and private financing mechanisms and finance-related challenges. Following the panelists' presentations, Commission staff will lead a discussion on the application of various mechanisms, their advantages and disadvantages, how conveyance projects are currently being funded, and how costs are being shared between funding sources. The Commission has invited water managers to participate in the post-presentation discussion by sharing their perspectives and experiences and responding to questions. The objective of this panel is to provide the

Commission with information about financing mechanisms and challenges to facilitate their recommendations on how these mechanisms can be applied to promote resilient conveyance projects.

### **Background**

On July 28, 2020, the California Natural Resources Agency, California Environmental Protection Agency, and the California Department of Food and Agriculture issued the final [Water Resilience Portfolio](#) (portfolio) in response to Governor Newsom's Executive Order N-10-19, which calls for a "set of actions to meet California water needs through the 21st century." The portfolio outlines a broad suite of actions designed to move the state toward water resilience. The portfolio calls on the Commission to fulfill Action 19.4: assess a state role in financing conveyance projects that could help meet needs in a changing climate. Action 19.4 is embedded in a section of the portfolio that is focused on building connections, which includes actions designed to help increase physical connections and coordination between and among the decentralized elements of California's water system.

The Commission's work on conveyance implements Goal One of the Strategic Plan, which calls on the Commission to "serve as a primary public forum for the discussion of improving water management policy to assist regions in achieving climate resiliency ... including those actions of the Water Resilience Portfolio assigned to the Commission."

### **Meeting Overview**

The Commission will hear a recap of the regional water conveyance workshops from Lisa Beutler, Executive Facilitator with Stantec. Discussion will follow.

Laura Jensen, the Commission's Assistant Executive Officer, will present an overview of the topic of financing mechanisms and challenges before introducing expert panelists. The following panelists will present information about public financing mechanisms:

- Leslie Laudon, Deputy Director, Division of Financial Assistance, State Water Resources Control Board
- Lina Benedict, Loan Origination Manager, California Infrastructure and Economic Development Bank
- Richard Welsh, Principal Deputy Regional Director, U.S. Bureau of Reclamation

The following panelists will present information about emerging financing mechanisms and financing challenges:

- Eric Sandler, Assistant General Manager of Business Services and Chief Financial Officer, San Francisco Public Utilities Commission
- Zack Knight, Chief Executive Officer, Blue Forest

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- Larry J. Kosmont, Chairman and Chief Executive Officer, Kosmont Companies
- Caitrin Chappelle, Associate Director of the Water Policy Center and Research Fellow, Public Policy Institute of California

Following these presentations, Ms. Jensen will lead a discussion with panelists and the following water managers who have been invited to participate in this discussion:

- Rosemary Menard, Water Director, City of Santa Cruz
- Marguerite Patil, Assistant General Manager Policy and External Affairs, Contra Costa Water District
- Alexandra Biering, Government Affairs and Communications Manager, Friant Water Authority

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

This is an informational item.

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