



Options for Future Strategies for Financing Water Projects

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of California
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Evolving Water Policy – 1990-2010



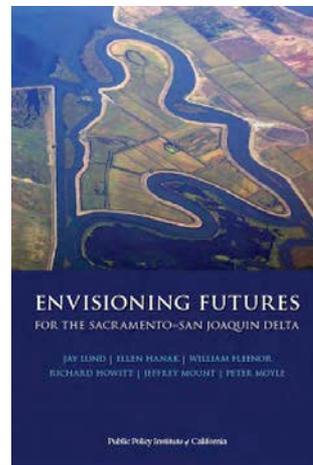
Bay Delta Accord



CalFed



2009 Comprehensive
Package



PPIC 2007



Delta Vision Task Force

The Corner Stone of California Water Policy: Coequal Goals



“‘Coequal goals’ means the two goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem.” *SBX7 1 – The Delta Reform Act*

The Coequal Goals Require a Whole New Approach



We need to rethink how we
manage water
and the environment
from one end of
California to the other.

Coequal Goals Require a Change in Finance Strategy

- Coequal goals broaden the mix of services
- Public benefits linked to water supply benefits
- Reliable public funding sources essential



Coequal Goals Require a Much Broader Mix of Services

If you want to build this



You have to invest in this



Major Expenditure Categories for the Water Bond

\$11 = 4 + 4 + 3

- \$4 billion: habitat and watersheds
- \$4 billion: Local Resource development
- \$3 billion for storage for co-equal goals and other public benefits

2010

**These “Public” Investments will Leverage
Another \$20-\$30 Billion in “Private Capital”**



Legislative Interest is High in 2013

Bills introduced this session



SB 42 (Wolk)



SB 40 (Pavley)



AB 142 (Perea)



ACWA California Water Finance Task Force



Chair



Vice Chair

- Finance task force is
 - Exploring avenues to maximize prospects for 2014 water bond
 - Considering alternative strategies
 - Recommending principles and actions to move forward

ACWA California Water Finance Task Force

Overarching Principles:

- Preserve comprehensive solutions
- Support beneficiaries pay principle
- Agree on what the public should pay for
- Recognize need for varying finance strategies



Overarching Principles:

What Should the Public Pay For?

- Ecosystem restoration beyond mitigation obligations
- Watershed protection and restoration
- Local water resources projects that:
 - ✓ Reduce reliance on natural systems
 - ✓ Are not locally cost-effective
- Public benefits of storage



Broad Agreement in Water Community

Varying Finance Strategies

Projects That:

Provide direct benefits
and are cost effective

Reduce diversions, but are
NOT locally cost-effective

Benefit rural /disadvantaged
communities

Have broad, statewide public
benefits

Finance Strategy:

Paid for by beneficiaries

Explore regional
mechanisms for incentives

State G.O. bond funds

State G.O. bond funds

Concepts Under Discussion

- Pursue low-cost mechanisms to help finance local infrastructure projects
- Engage broader range of entities that could contribute revenue
- Explore regional finance approaches for local resources development
- Avoid “earmarks”
- Use G.O. bonds for statewide public benefits
- Reject statewide fees on water to pay for statewide public benefits

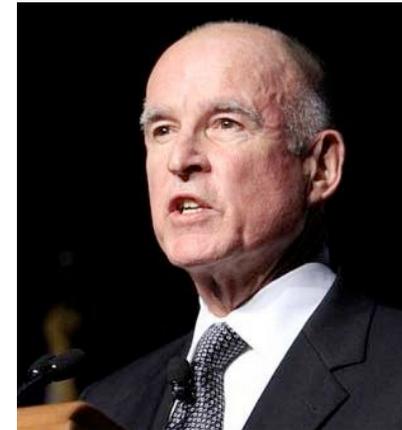


Elements of Success in 2013-'14

- Be willing to change
- Make current bond smaller
- Develop alternative strategies to hold the 2009 package together
- Agree on priorities for funding:
 - Habitat restoration / watersheds
 - Public benefits of storage
 - IRWMPs / water quality, especially in disadvantaged communities
- Allocate all funds on a competitive basis: Eliminate the “Pork”



The Challenge Continues...



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