

IRWD WATER RESOURCES FUNDING POLICY PRINCIPLES
MARCH 9, 2020

ISSUE SUMMARY:

The California Legislature is discussing the placement of a climate resilience bond on the November 2020 ballot. As has been discussed by the Governor and key members in the Legislature, water infrastructure funding will likely comprise a substantial portion of the bond.

As a state and federal leader in water resources public policy and governance, the Irvine Ranch Water District (IRWD) has worked tirelessly to promote policy initiatives that allow the District, along with other water purveyors in California, to enhance the quality and reliability of water supplies throughout the state. As a means of providing input into the discussions surrounding the climate resilience bond, and in order to guide the District's advocacy efforts related to California infrastructure funding, the following policy principles have been adopted by the IRWD Board of Directors.

POLICY PRINCIPLES:

Any water resources bond or infrastructure funding measure adopted by the Legislature or put before California voters that includes water infrastructure funding should be guided by the following principles:

- 1) The State has a role in financing water infrastructure. The State should play a role in the financing of water infrastructure that is of demonstrated statewide significance and/or benefit.
- 2) Bond titles should reflect the type(s) of infrastructure the bond primarily funds. A statewide bond that includes "water" in its title should include substantial funding for water infrastructure. If substantial funding for water is not included, the title should not include "water."
 - In the case of a climate resilience bond, which is designed to fund water infrastructure, wildfire response and climate resilience, no less than one-third of the funding should be allocated to water resource development and water infrastructure; and
 - Funding for flood control, watershed health, and species/habitat restoration and conservation should be included in the climate resilience funding contained in the bond.
- 3) Bond and infrastructure financing measures must be fiscally responsible. Proposed water bonds and water infrastructure funding measures should be fiscally responsible and politically viable.
- 4) Transparency and accountability should be built into all bond measures. Statewide bond measures must include specific programmatic funding allocations as opposed to allocations for general categories of infrastructure. Inclusion of programmatic funding allocations provides a spending plan that voters can evaluate when deciding on a bond and be measured against when holding the State accountable for the spending of bond proceeds.

- 5) Distribution of funds should be equitable, balanced and reasonable. Water bond and water infrastructure funding measures must strengthen water supply reliability and water quality for all Californians. Bond proceeds should be distributed to beneficial projects throughout the entire state in an equitable, balanced and reasonable manner.
- 6) Water bonds should support the development of safer, more secure and more resilient water supplies for the entire state. To support a safe and secure water supply, the climate resilience bond should allocate funding to programs which will increase water resilience across the state. Because each community has different water supplies and infrastructure needs, in order to build resilience across the state, the bond should provide funding for a diverse set of water resources programs. The bond should:
 - Support water supply reliability enhancement through the funding of water recycling, water quality (treatment / removal of PFAS and other contaminants of emerging concern (CEC)), water use efficiency and groundwater recharge, water banking, conjunctive use, protection and quality improvement projects;
 - Provide funding for sustainable safe drinking water solutions within disadvantaged communities without sufficient access to safe drinking water;
 - Establish new funding programs to fund the creation of new and enhanced regional conveyance facilities that better integrate surface and groundwater storage, and to fund local dam safety improvements at high-risk dams associated with water supplies; and
 - Distribute funding for regional projects through Integrated Regional Water Management Planning programs while distributing fund decisions on projects of statewide significance should be made at the state level.
- 7) Funded project must demonstrate cost effectiveness and benefit. Proposed water bond and water infrastructure financing measures should include specific criteria which must be met before a project obtains funding. The specific criteria should include cost-effectiveness, a project proponent's ability to implement the project, specific timelines for project implementation, and a high level of measurable benefit.
- 8) Bond proceeds should be leveraged to the maximum extent possible. Bond proceeds should be leveraged to the maximum extent possible utilizing local or federal matching funds. Projects funded with a higher percentage of non-state funds should be given priority. Additionally, funds should be allocated in the most cost-effective manner possible. Innovative funding mechanisms such as design-build and public-private partnerships should be encouraged to the greatest extent practicable.
- 9) Administrative costs should be minimized. The administration of bond funds should be handled within existing state resources to minimize bond administration cost. Bond authority should be implemented and allocated in a comprehensive and cohesive manner through either

the budget process or legislative consensus. Bond funds should not be allocated through a series of piecemeal legislative efforts.

- 10) A statewide user fee should not be imposed. A “user fee” or “beneficiary pays” program should never be a statewide program and should not be included in a water bond or water infrastructure financing measure. If such a fee is necessary, it should only be regionally administered, collected and distributed. Any such fee should be equitably and proportionally based on the project benefits derived by those who are subject to the fee, and “beneficiary” must be clearly defined to ensure a clear legal nexus between financial responsibility and benefits.