WATER FINANCING AND GOVERNANCE

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- Basic principle – greatest good for the greatest number
  - The governing structure should ensure that the benefits of the infrastructure should be spread wide over all concerned jurisdictions
  - The greatest benefits of the work should be targeted at those with the greatest need for the product within those jurisdictions
  - Ensures a fundamental political legitimacy
- Cost burden of the infrastructure should reflect two principles:
  - Should fall on those who need the product (water) the most
  - Repayment burden should be tempered with concerns of the ability to do so
  - These two principles can create a tension

GENERAL CONSIDERATIONS FOR DESIGNING GOVERNING STRUCTURES

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- How the governing structure is set up, and the voting weight given to various stakeholders can legitimize or ruin any effort
    - Voting strength should favor stakeholders who are most in need of the infrastructure's benefits
    - Those putting up the most in terms of financial resources should also have a significant vote
    - Again, these principles may be in tension with each other
    - One person, one vote across the entire jurisdiction can be a reasonable solution
- The basic design of any governing system should take a holistic approach
    - Should have a focus on capturing, storing, and conveying water
    - Also focus on meeting all water-related needs of population in a jurisdiction
    - Reflect environmental concerns, and all concerns tied to the hydrological cycle
    - Can be done through a series of advisory boards and community liaisons

- A way for two or more governments to pool their powers and resources (can exercise any public power common to all members)
- Depending on the agencies who are members, this can include taxation, user fees, and issuing debt
- As a separate legal entity, JPAs are unlikely to end up passing on legal obligations and debts to member governments
- Are a way to approach regional problems by pooling regional resources, acts as a regional management structure, and creates regional financial obligations
- Nearly 2,000 JPAs in California

JOINT POWERS AUTHORITIES

- Are formed within JPA structures
- An EIFD must be initiated by a county or city, so a JPA must have counties and/or cities as members
- EIFDs have the benefits and limits of the revenue powers available to its member political jurisdictions (general and special taxes, development fees, parcel taxes, property taxes, etc.)
- EIFDs may also issue their own revenue bonds
  - Can be up to 45 year terms on the bonds
  - Require only 55% vote to approve (not two-thirds)
  - EIFD can use tax incremental financing (and other member-generated tax revenue) to repay the bonds
- EIFDs do not require a public vote to be created, but significant public outreach for the financing plan is required and desirable

ENHANCED INFRASTRUCTURE FINANCING DISTRICTS

- Governing board of the authority should be just large enough to ensure political legitimacy, and no larger
- A holistic approach suggests the jurisdiction of any authority should probably encompass whole water basins (or watersheds)
- While weighted voting makes some sense, it also creates hostility among other stakeholders
- Advisory committees are nearly essential for communicating with stakeholders in the public and ensuring continued legitimacy, but only as long as the feedback loops to the leaders are strong and transparent
- Revenue approach to funding the infrastructure should always reflect the true cost of capturing, storing, and conveying water (and all other considerations) so consumers can fully understand their choices
- Have an overall fifty-year plan, which is re-visited every 5 years

OTHER CONSIDERATIONS

Should exhibit a holistic approach

Schematic of possible organization and governance