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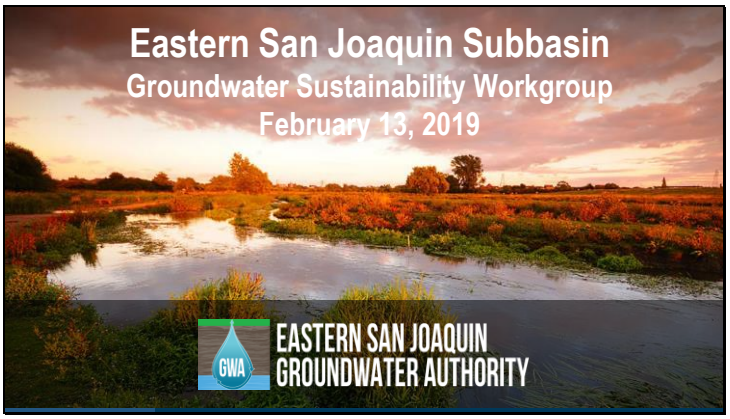
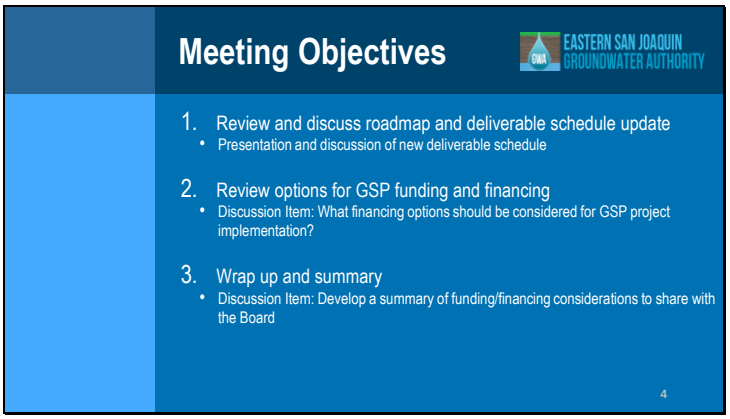

Eastern San Joaquin Subbasin
Groundwater Sustainability Workgroup
February 13, 2019
GWA
EASTERN SAN JOAQUIN
GROUNDWATER AUTHORITY

Slide 2


Agenda
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
Meeting Objectives
Roadmap & Deliverables Update
Financing
Informational Meeting Recap
Announcements
2

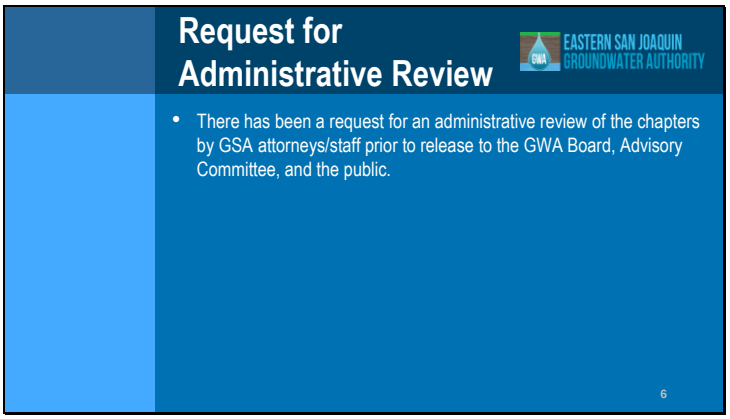
Slide 3

Slide 4


Meeting Objectives
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
1. Review and discuss roadmap and deliverable schedule update
• Presentation and discussion of new deliverable schedule
2. Review options for GSP funding and financing
• Discussion Item: What financing options should be considered for GSP project implementation?
3. Wrap up and summary
• Discussion Item: Develop a summary of funding/financing considerations to share with the Board
4

Slide 5

Slide 6


Request for Administrative Review
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
GWA
There has been a request for an administrative review of the chapters by GSA attorneys/staff prior to release to the GWA Board, Advisory Committee, and the public.
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Financing Agenda
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
• Funding Sources
• Capital Funding Sources
• Federal Funds
• State Funds
• Capital Markets (bonding)
• PayGo (cash financing from revenue)
• P3 (contractual arrangements)
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Financing Agenda (cont.)
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
• Financing Strategies
• Property / Sales Taxes
• Targeted taxes
• Usage rates / charges
• Benefits allocation and billing of GSAs
• "Blended" approach
• Considerations specific to ESJ
• Examples of other successful multi-party cost sharing
9

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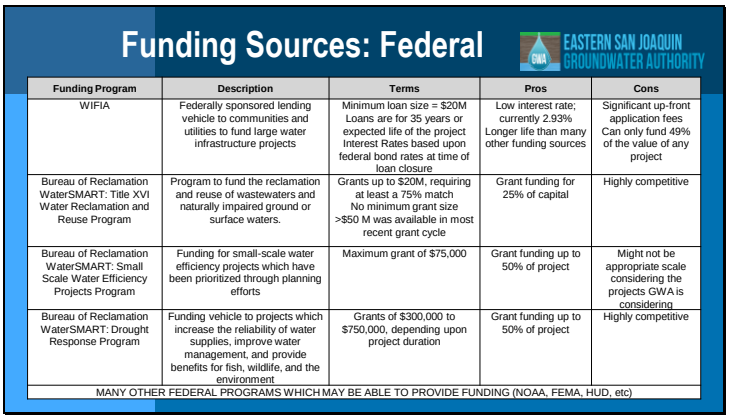
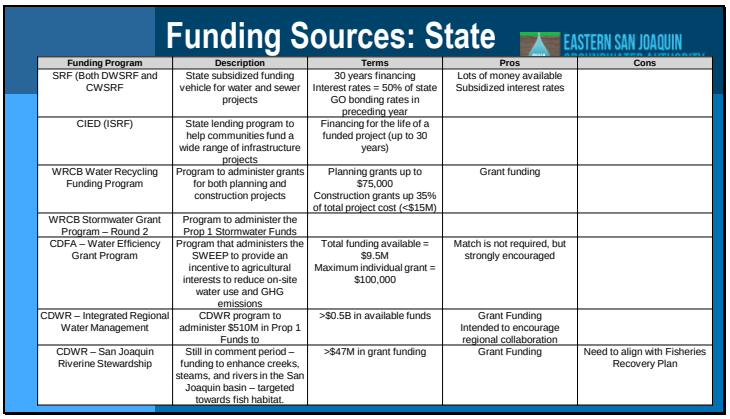
Slide 11



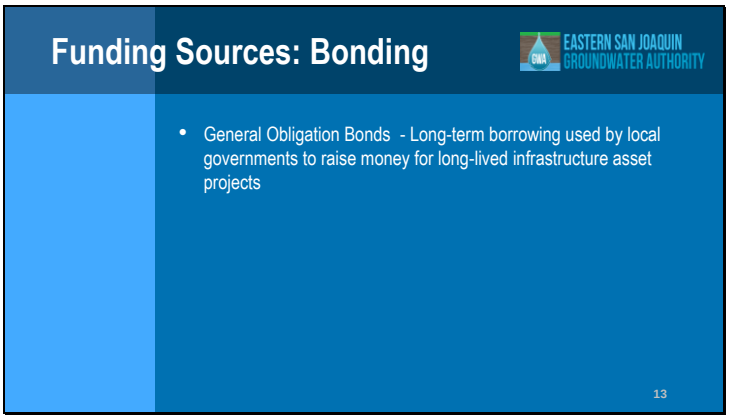
Funding Program	Description	Terms	Pros	Cons
WIFIA	Federally sponsored lending vehicle to communities and utilities to fund large water infrastructure projects	Minimum loan size = $20M Loans are for 35 years or expected life of the project Interest Rates based upon federal bond rates at time of loan closure	Low interest rate; currently 2.93% Longer life than many other funding sources	Significant up-front application fees Can only fund 49% of the value of any project
Bureau of Reclamation WaterSMART: Title XVI Water Reclamation and Reuse Program	Program to fund the reclamation and reuse of wastewaters and naturally impaired ground or surface waters.	Grants up to $20M, requiring at least a 75% match No minimum grant size >$50 M was available in most recent grant cycle	Grant funding for 25% of capital	Highly competitive
Bureau of Reclamation WaterSMART: Small Scale Water Efficiency Projects Program	Funding for small-scale water efficiency projects which have been prioritized through planning efforts	Maximum grant of $75,000	Grant funding up to 50% of project	Might not be appropriate scale considering the projects GWA is considering
Bureau of Reclamation WaterSMART: Drought Response Program	Funding vehicle to projects which increase the reliability of water supplies, improve water management, and provide benefits for fish, wildlife, and the environment	Grants of $300,000 to $750,000, depending upon project duration	Grant funding up to 50% of project	Highly competitive
MANY OTHER FEDERAL PROGRAMS WHICH MAY BE ABLE TO PROVIDE FUNDING (NOAA, FEMA, HUD, etc)				

Slide 12



Funding Program	Description	Terms	Pros	Cons
SRF (Both DWSRF and CWSRF	State subsidized funding vehicle for water and sewer projects	30 years financing Interest rates = 50% of state GO bonding rates in preceding year	Lots of money available Subsidized interest rates	
CIED (ISRF)	State lending program to help communities fund a wide range of infrastructure projects	Financing for the life of a funded project (up to 30 years)		
WRCB Water Recycling Funding Program	Program to administer grants for both planning and construction projects	Planning grants up to $75,000 Construction grants up 35% of total project cost (<$15M)	Grant funding	
WRCB Stormwater Grant Program – Round 2	Program to administer the Prop 1 Stormwater Funds			
CDFA – Water Efficiency Grant Program	Program that administers the SWEEP to provide an incentive to agricultural interests to reduce on-site water use and GHG emissions	Total funding available = $9.5M Maximum individual grant = $100,000	Match is not required, but strongly encouraged	
CDWR – Integrated Regional Water Management	CDWR program to administer $510M in Prop 1 Funds to	>$0.5B in available funds	Grant Funding Intended to encourage regional collaboration	
CDWR – San Joaquin Riverine Stewardship	Still in comment period – funding to enhance creeks, steams, and rivers in the San Joaquin basin – targeted towards fish habitat.	>$47M in grant funding	Grant Funding	Need to align with Fisheries Recovery Plan

Slide 13


Funding Sources: Bonding
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
• General Obligation Bonds - Long-term borrowing used by local governments to raise money for long-lived infrastructure asset projects
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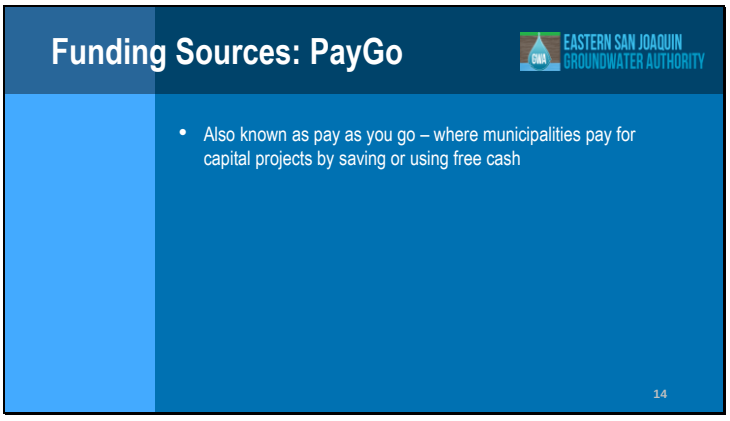
Slide 14


Funding Sources: PayGo
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
• Also known as pay as you go – where municipalities pay for capital projects by saving or using free cash
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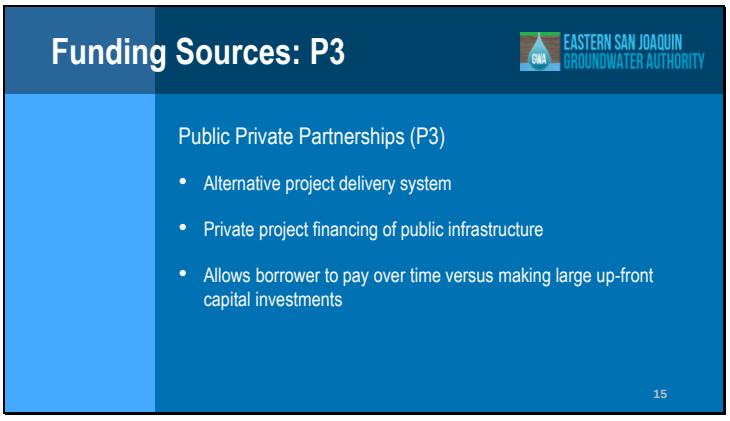
Funding Sources: P3
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
Public Private Partnerships (P3)
• Alternative project delivery system
• Private project financing of public infrastructure
• Allows borrower to pay over time versus making large up-front capital investments
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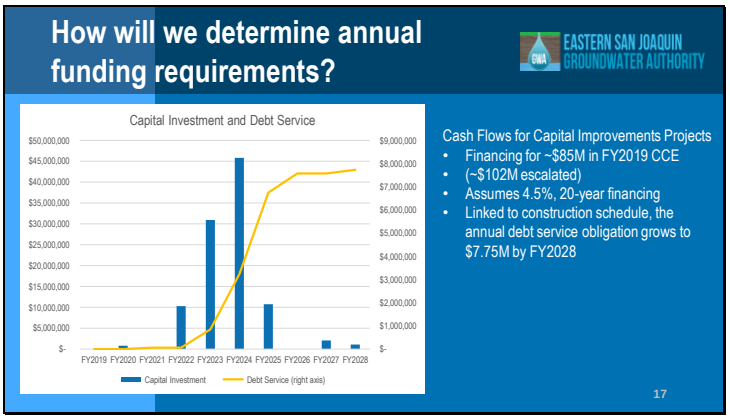
Slide 17


How will we determine annual funding requirements?
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
Capital Investment and Debt Service
$50,000,000
$45,000,000
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
$9,000,000
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$-
FY2019 FY2020 FY2021 FY2022 FY2023 FY2024 FY2025 FY2026 FY2027 FY2028
Capital Investment
Debt Service (right axis)
Cash Flows for Capital Improvements Projects
• Financing for ~$85M in FY2019 CCE
• (~$102M escalated)
• Assumes 4.5%, 20-year financing
• Linked to construction schedule, the annual debt service obligation grows to $7.75M by FY2028
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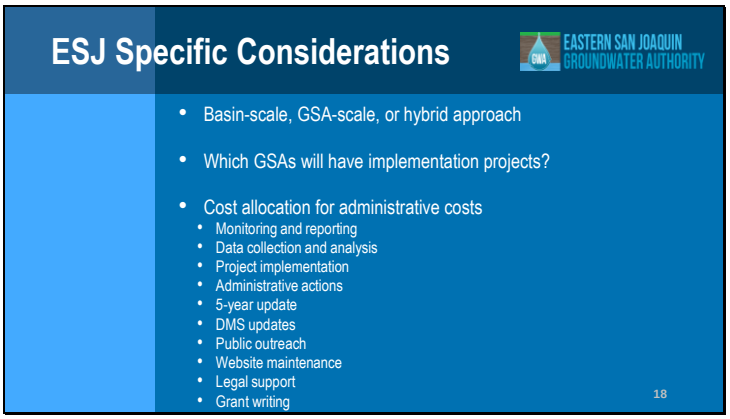
ESJ Specific Considerations
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
Basin-scale, GSA-scale, or hybrid approach
Which GSAs will have implementation projects?
Cost allocation for administrative costs
Monitoring and reporting
Data collection and analysis
Project implementation
Administrative actions
5-year update
DMS updates
Public outreach
Website maintenance
Legal support
Grant writing
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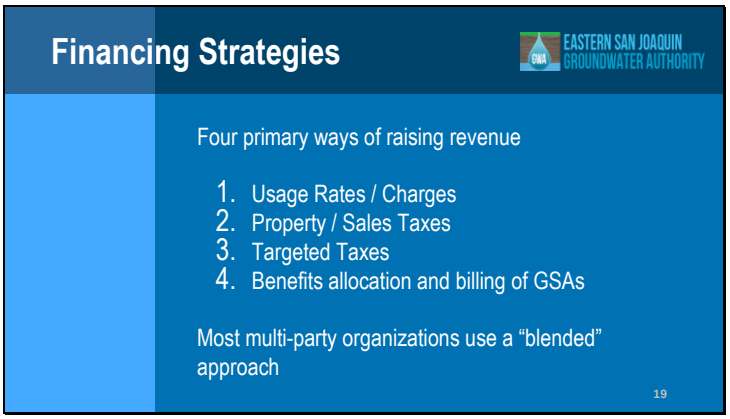
Financing Strategies
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
Four primary ways of raising revenue
1. Usage Rates / Charges
2. Property / Sales Taxes
3. Targeted Taxes
4. Benefits allocation and billing of GSAs
Most multi-party organizations use a "blended" approach
19

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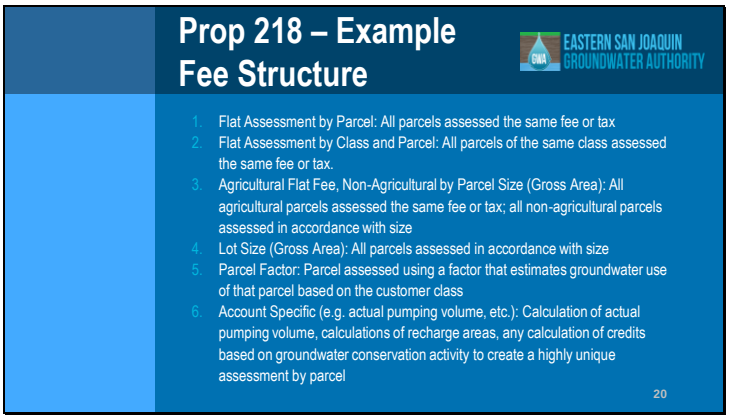
Prop 218 – Example Fee Structure
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
1. Flat Assessment by Parcel: All parcels assessed the same fee or tax
2. Flat Assessment by Class and Parcel: All parcels of the same class assessed the same fee or tax.
3. Agricultural Flat Fee, Non-Agricultural by Parcel Size (Gross Area): All agricultural parcels assessed the same fee or tax; all non-agricultural parcels assessed in accordance with size
4. Lot Size (Gross Area): All parcels assessed in accordance with size
5. Parcel Factor: Parcel assessed using a factor that estimates groundwater use of that parcel based on the customer class
6. Account Specific (e.g. actual pumping volume, etc.): Calculation of actual pumping volume, calculations of recharge areas, any calculation of credits based on groundwater conservation activity to create a highly unique assessment by parcel
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Case Studies in Cost Sharing

EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY

Case Study	Corollary to ESJ
Water Conserv II : Largest water recharge and reuse operation in the US	Effective cost-share model developed for complicated, multi-agency project
MWRA : Regional utility with over 50 members which has collaboratively funded >$6 billion in aggregate infrastructure	Successful cost allocation developed between very different agencies
Nurse River	Regional effort similar to single GSAs developing plans
Sonoma County	Local effort melds various revenue streams to fund compliance
Salinas Valley Basin GSA	SGMA compliance fee-based funding: $2.27 non-agricultural; $4.81 per irrigated acre for agricultural users to fund the agency

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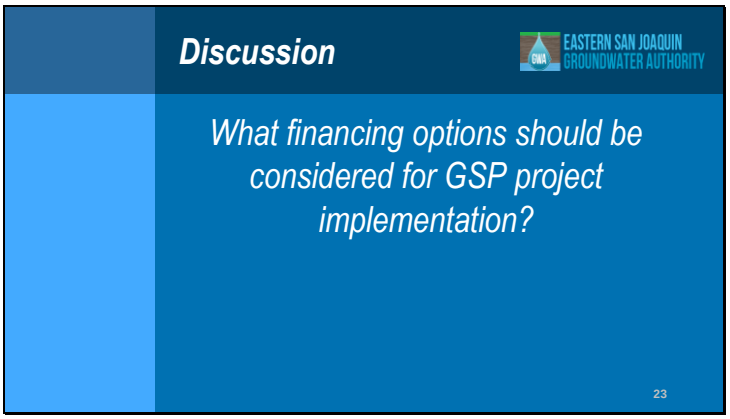
Discussion
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
What financing options should be considered for GSP project implementation?
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Informational Meeting Recap
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
Thank you for attending!
Open House materials are posted to the website
Feedback on the event – for those of you who attended, what would you like to see done differently next time?

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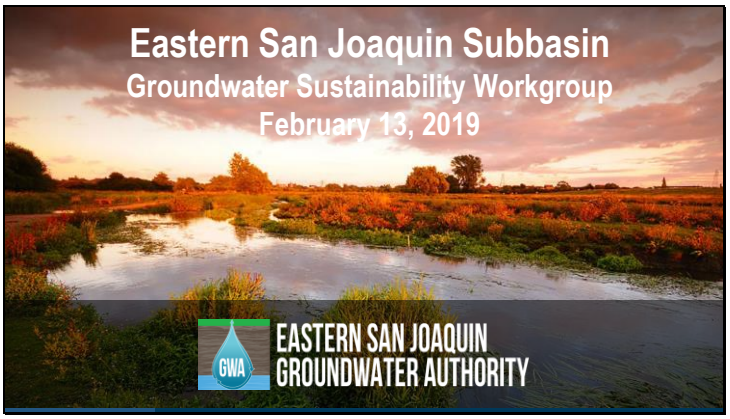
Wrap Up & Summary Discussion
EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY
Goal: Develop a summary of funding/financing considerations to share with the Board
27

Slide 28

Slide 29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