

# Financing Section of the IRWM Plan

IRWM Plan Stakeholder Meeting

February 6, 2014

# Why prepare a financing plan now, especially when there is still so much uncertainty?

- The IRWM Plan must include a plan for implementation and financing of identified projects and programs (*CWC §10541.(e)(8)*). The IRWM Plan must also identify and explain potential financing for implementation of the IRWM Plan. The financing discussion must, at a minimum, include the following items:
  - List known, as well as, possible funding sources, programs, and grant opportunities for the development and ongoing funding of the IRWM Plan.
  - List the funding mechanisms, including water enterprise funds, rate structures, and private financing options, for projects that implement the IRWM Plan.
  - An explanation of the certainty and longevity of known or potential funding for the IRWM Plan and projects that implement the Plan.
  - An explanation of how operation and maintenance (O&M) costs for projects that implement the IRWM Plan would be covered and the certainty of operation and maintenance funding.

# The purpose of this standard is not to document that all funding has been fully secured or fully known at this time

- DWR wants to see that the RWMG has thought through financing of the Plan and implementation projects and programs even though substantial uncertainty regarding funding may exist.
- It is recommended that RWMGs do not overly rely on grant awards, but look at other forms of consistent, secure, long-term sources of funding, such as general funds or rate-based funds.

Text taken directly from the DWR Guidelines

It would be helpful for each project with a high ranking and a get real index of 1 or 2 to provide information that will help strengthen our Plan

- The team is developing a form to aid in gathering this information
- Suggest that a project must fill this out and have a get real index of 1 or 2 before moving up in priority in future updates of the Plan
- The goal would be to eventually have every project fill this form out

1. Provide a brief description of your agency and how it is funded. If joint project, provide for each agency contributing towards the project cost. Purpose here is to get an overall feel for how your costs are paid, both capital and O&M.

- This should be a very high level look at your overall available sources of revenues to fund your organization, whether or not those funds will be used to fund this specific project
- Should be just a short paragraph description for each revenue source and how they can be used, not necessarily how they are currently used

#### **9.2.4 Stormwater Pollution Prevention Fee**

Property owners in the City of Santa Clarita currently pay a yearly fee to fund the Stormwater Pollution Prevention Program. Fees are based on the estimated amount of stormwater runoff a property generates, based on the impervious surface area. Fees are used to fund activities, such as the maintenance, improvement and replacement of the City's storm drainage facilities, monitoring, inspection and enforcement, as well as other requirements set forth in the NPDES permit. This fee is anticipated to bring in between \$2.8 to \$2.9 million a year.

# SWP Fund

# General Fund

# Debt/Revenue Fund



MWA 1 & 2 (a)



MWA 2 (b),  
Grants &  
Sponsorships



Gen'l Taxes,  
Water Sales &  
Reliability Chg



# For the balance of the questions, the joint MWA and City of Hesperia Antelope Wash project will be used

- Provide the estimated total project cost.
  - *The current estimated total cost is \$1 million*
- If a joint project, how will the costs be split among the participants? List the dollar amount for each participant.
  - *It is unknown at this time exactly how the costs will be split, as those discussions have not occurred yet. For purposes of completing this information now, it is anticipated the split will be based on received benefit, currently estimated at 50%*

Example only – still need input from Hesperia

# Antelope Recharge Con't...

- List the local funding sources for the project by each project sponsor and the dollar amount of those funds. Are these amounts currently in reserve? If not, when will they be available? (ie: bond financing or future rates will fund the reserve within 2 years). We are looking for a statement to support the funding certainty.
  - *Both the City of Hesperia and the Mojave Water Agency have funds available in their reserve fund covered by their respective County wide share of the 1% general taxes.*
- List sources of grant funds and other funds currently available and the dollar amount. Identify the period during which these funds are available (when do they expire).
  - *There are currently no grant funds available or other funds available*

# Antelope Recharge Con't...

- List sources of potential future grant(s) that may become available that will be needed for this project and when the application is anticipated to be submitted.
  - *It is anticipated that this project will score high on a Prop 84 grant. As a result, 50% of the cost of this project is anticipated to be covered by a future grant. The current schedule shows that the grant solicitation will occur within the next year*
- Will this project require a vote or special assessment? If yes, where are you in the process? Can you speak to the likelihood of the measure passing? (ie: other measures of this type passing, passing rate, etc.)
  - *No*

# Antelope Recharge Con't...

- How will O&M be paid? Are taxes and rates currently sufficient or will an increase be needed? When was the last increase approved by your agency and what was the percent increase? Any other information that you can provide in determining sufficiency and/or likelihood of having funds available to pay for O&M and future replacement costs will be helpful.
  - *The project will be jointly maintained by the MWA and the City of Hesperia. Current rates and taxes are sufficient to cover the O&M. Should additional funds be required in the future, the MWA has capacity to increase rates to cover the additional O&M. In addition, future property value growth as a result of new development and Prop 13 increase will most likely be enough to cover any added cost for both agencies.*

# If you run into trouble or have questions....

- Feel free to contact Kathy Cortner at 760/946-7054 or via email at [kcortner@mojavewater.org](mailto:kcortner@mojavewater.org)

Questions?