

## Chapter 13: Finance

### *Introduction*

The Inyo-Mono IRWM planning effort has, from its inception, been challenged with funding constraints. Funding constraints emanate from the very limited number of large, well-funded water-related entities in the region, the preponderance of disadvantaged communities, and the rural nature of the region itself.

To date, funding to support the Inyo-Mono planning effort has primarily comprised of financial support from California Trout, Inc. and a pre-planning grant awarded by the Sierra Nevada Conservancy. In addition, several contributions have been provided RWMG participants. A full breakdown of direct cash contributions provided thus far in support of the Inyo-Mono IRWM planning process is provided in Table 13-1.

**Table 13-1.** Provision of cash funds to support the Inyo-Mono IRWMP: 2008-present

<b><u>Source</u></b>	<b><u>Amount</u></b>
California Trout, Inc.	\$55,000
Sierra Nevada Conservancy	\$49,600
Indian Wells Water District	\$ 7,500
Mammoth Community Water District	\$ 5,000
Mammoth Mountain Ski Area	\$ 3,500
Sierra Nevada Alliance	\$ 3,000
Bishop Paiute Tribe	\$ 2,000
National Park Service (Devils Post Pile)	\$ 2,000
June Lake Public Utilities District	\$1,000
Mono Lake Committee	\$ 500

Inyo-Mono IRWM Project Staff has had to be both frugal and resourceful thus far in the planning process. With such limited funding and as a result of the commitment on behalf of members of the I-M RWMG, the Inyo-Mono planning effort has achieved a great deal, including providing a foundation for long-term planning and cooperation, extensive outreach and engagement of stakeholders throughout the region, successful completion of the Inyo-Mono Region Acceptance Process and most recently, the completion and submission of the Inyo-Mono Planning Grant Application. In addition, Project Staff and RWMG participants completed the Phase I Inyo-Mono IRWM Plan without the assistance of Prop. 84 planning grant funding.

## Known and possible funding sources, programs, and grant opportunities

Moving forward, Project Staff and members of the I-M RWMG will embark on a revision of the Phase I Inyo-Mono IRWM Plan with funds requested in the Planning Grant application. These funds will support the next iteration of work aimed at revising and updating, among other things, the Project Review Process; revisiting current goals, objectives, and resource management strategies; and establishing a long-term regional entity to implement Inyo-Mono IRWM Plans over the course of the next two decades. The Phase II Inyo-Mono IRWM Plan is anticipated to be complete roughly 12 months after the Planning Grant funding is made available. Specific descriptions of the tasks, associated budgets, including expected sources of funding to support the revision to Phase I Inyo-Mono IRWM Plan, are provided in Table 13-2.

In addition to revising the Phase I Plan, implementation of the Plan itself will require funding. Such expenses are incorporated into the Implementation Grant application based on allowable expenses identified in the Implementation PSP.

Project Staff will continue to pursue a diverse portfolio of funding opportunities to support the long-term needs of the Inyo-Mono IRWM planning effort. Doing so will not only include pursuing funding opportunities identified in Prop. 84 but will also include pursuing funding as needed from a range of local, state and federal sources, private individuals, foundations, and Inyo-Mono RWMG members themselves. Developing a long-term (five-year timeframe) funding strategy to support the long-term operations of the Inyo-Mono planning effort will be part of the revision (as part of Task 3 in Table 13-2) process undertaken for the Phase II Inyo-Mono IRWM Plan.

**Table 13-2.** Project description and budget for Phase II Inyo-Mono IRWM Plan, from September, 2010, Planning Grant application

Task	Description	Match Amount: Match source	Grant	Total	% Match
1	Enhance and Maintain Inyo-Mono IRWMP Collaborative Process & Stakeholder Involvement	\$15,578: CalTrout (\$4,498)/RWMG member agency(\$11,080)	\$75,000	\$90,578	17%
2	Update all relevant planning documents and processes in the Inyo-Mono Region	\$2,500; RWMG member agency	\$7,500	\$10,000	25%
3	Re-evaluate governance and organizational structure for Inyo-Mono IRWMP	\$1,000; RWMG member agency	\$9,000	\$10,000	10%
4	Incorporate Climate Change into the Inyo-Mono IRWM Plan and Develop Climate Change Adaptation Strategies	\$1,000; RWMG member agency	\$10,000	\$11,000	9%
5	Conduct Region-Wide Outreach to Refine Phase I Issues, Goals, Objectives, and Strategies	\$6,000 RWMG member agency	\$40,000	\$46,000	13%

Task	Description	Match Amount: Match source	Grant	Total	% Match
6	Solicit & Evaluate Phase II Projects from Inyo-Mono Planning Region	\$44,460: Sierra Nevada Alliance (\$9500)/Chaten-Brown and Carstens (\$24,960)/Rural Water Association (\$5,000)/RWMG Member agency (\$5,000)	\$36,419	\$80,879	55%
7	Develop Draft Inyo-Mono IRWMP Phase II, including prioritized projects	\$14,000; RWMG member agency	\$26,000	\$40,000	35%
8	Review and evaluate draft Inyo-Mono IRWMP Phase II with RWMG	\$5,000; RWMG member agency	\$21,000	\$26,000	19%
9	Develop and Submit Final Inyo-Mono IRWMP, Phase II	\$2,000; RWMG member agency	\$11,000	\$13,000	15%
10	Maintain and Enhance Inyo-Mono IRWMP Website, GIS, and Communication Tools	\$2,500/Bishop Paiute Tribe	\$1,696	\$4,196	150%
	<b>Totals</b>	<b>\$94,038</b>	<b>\$237,615</b>	<b>\$331,653</b>	<b>28%</b>

### **Funding mechanisms, including water enterprise funds, rate structures, and private financing options, for projects that implement the IRWM Plan**

Below is a brief presentation of certain types of funding mechanisms that are relevant to project proponents and the implementation of the Phase I Inyo-Mono IRWM Plan. In addition, a brief description of the California Finance Coordinating Committee (CFCC) is provided. Appendix G contains specific funding mechanisms and opportunities sponsored by members of the CFCC. The mechanisms and opportunities provided in Appendix G are potential sources of financing supporting implementation of the Phase I Inyo-Mono IRWM Plan, as well as future iterations of the Inyo-Mono IRWM Plan.

#### *Water Enterprise Fund*

Water enterprise funds are generally used to account for operations that are financed and operated in a manner similar to private enterprises, with the intent being that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The fund commonly includes:

- 1) **Water Enterprise Utility Fund** - accounts for activities relating to the operation of the Districts water system including water distribution and treatment.
- 2) **Water Capital Projects** - used to account for costs associated with large capital projects of the water fund.

- 3) **Water Impact Fees** - accounts for connection charges paid by new users of the water system. Fees collected are to be used for future impacted Water System Capital Improvements.

#### *Financial capacity: Rate Structure*

Financial resources of a water system include but are not limited to the revenue sufficiency, credit worthiness, and fiscal controls. It is necessary for a water system to have a budget and enough revenue coming in to cover costs, repairs, and replacements. Financial capacity recommendations include the following:

1. Revenues from drinking water sales should cover all public/private water system costs for the system including operating costs, maintenance costs, debt service costs, operating reserves, debt reserves, emergency equipment replacement reserves, and revenue collection costs. Capital improvement funding for facilities needed for upgrading the existing system should come from revenue from water sales or other sources of capital. Rates should be set accordingly.
2. New connection fees, development fees, and other funding sources should cover all public water supply capital improvements costs for facilities needed for expanding the system for new customers. Fees should be set accordingly.
3. All drinking water generated revenues should be used for drinking water purposes. For public water systems owned by entities that provide other services in addition to drinking water, drinking water purposes should include equitable share of administrative costs for the entire entity.

#### *Bridge Loans: Revolving Loan Fund*

The National Rural Water Association Revolving Loan Fund (RLF) was established under a grant from United States Department of Agriculture and Rural Utilities Services to provide financing to eligible utilities for pre-development costs associated with proposed water and wastewater projects. RLF funds can also be used with existing water/wastewater systems and the short term costs incurred for replacement equipment, small scale extension of services or other small capital projects that are not a part of your regular operations and maintenance. Systems applying must be public entities. This includes municipalities, counties, special purpose districts, Native American Tribes and corporations not operated for profit, including cooperatives, with populations up to 10,000. For more information, interested parties can go to: <http://www.nrwa.org/revolvingloan.htm>.

#### *The California Financing Coordinating Committee*

The California Financing Coordinating Committee (CFCC) was formed in 1998 and is made up of seven funding agencies: six state, and one federal. CFCC members facilitate and expedite

the completion of various types of infrastructure projects by helping customers combine the resources of different agencies. Project information is shared between members so additional resources can be identified. CFCC members conduct free Funding Fairs statewide each year to educate the public and potential customers about the different member agencies and the financial and technical resources available.

A list of water project related funding mechanisms relevant to project proponents of the Inyo-Mono IRWM planning effort is provided in Appendix G.

### **Certainty and longevity of known or potential funding**

As noted above, the Inyo-Mono IRWM Project Staff submitted a Planning Grant Application in September, 2010. Planning Grant funds will be utilized primarily to support revision to the Phase I Inyo-Mono IRWM Plan in addition to supporting overall Plan implementation. This funding will provide the means for Project Staff and the Inyo-Mono RWMG to focus on developing a long-term financing strategy in 2011-2012. Due to the limited resources and rural nature of the Inyo-Mono planning region, financial security is a perpetual challenge. However, all project proponents are committed to securing funding necessary to implement the Phase I Inyo-Mono Plan.

### **Operation and maintenance costs for projects that implement the Inyo-Mono Phase I IRWM Plan and the certainty of operation and maintenance funding**

As part of the Inyo-Mono Request for Proposal document (Appendix D), prospective project proponents were asked to provide information specific to how long-term management of a given project will be ensured. Included in this request is the expected means to address operation and maintenance expenses. As such, there is not one single source, strategy or plan to address operation and maintenance costs for all projects that implement the Inyo-Mono Phase I Plan. Instead, coordination of the various projects will involve financial monitoring and evaluation of progress being made (see Chapter 11). Monitoring and evaluation of projects will include the status of securing necessary operation and maintenance expenses.

Project Staff and members of the Inyo-Mono RWMG will continue to pursue necessary funding to support operation and maintenance costs for projects that implement the Plan on behalf of those entities, particularly those supporting disadvantaged and tribal communities, needing such assistance.

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