

Workshop # 1 Roadmap: A Review of the Context-Setting Memoranda

The Delta Protection Commission, working with a team of consultants led by M.Cubed, has initiated a study to identify feasible financing mechanisms to pay for levee improvements and/or other methods of reducing flood risk in the Delta. The Delta Flood Risk Management Assessment District Feasibility Study (the study) will use several constructed case studies (“Archetypes”) to evaluate the potential of a range of financial mechanisms to fund capital investment and maintenance of Delta levees. As the study proceeds, a small group of stakeholders will advise the team by providing feedback on work products and the feasibility analysis. This Roadmap describes the set of “context-setting memoranda” that provides the starting point on current financing mechanisms and the analytic frame for the study.

PURPOSE OF THE STUDY

This study presumes that Delta levees benefit a full range of users (or beneficiaries) besides Delta property owners. For example, in addition to protecting property from flooding, Delta levees protect roads and infrastructure (e.g. water conveyance), ensure the continued existence of Delta towns and communities, protect habitat for threatened and endangered species, and support a wide range of recreational activities. A core principle of this study (as specified in the originating contracts) is that beneficiaries should pay for the benefits received from Delta levees.

Historically, financing for levee maintenance and improvements has largely been provided by (1) local property assessments, or (2) State funds not directly tied to specific benefits or activities. Most observers agree that these historic financing methods have several significant flaws. First, local agencies face limited financial capacity due to various legal and economic constraints. Second, sources of funding have not always been well aligned with benefits conferred. And third, funding has not been consistent or adequately reliable to allow for long-term planning of levee maintenance and improvements.

This study will examine a range of financial mechanisms that could remedy this mismatch between funding and benefits of Delta levees.

PURPOSE OF THE CONTEXT-SETTING MEMORANDA

The study will rely on a series of context-setting memoranda to identify the financial, legal, physical, and economic constraints that will govern the feasibility analysis. That analysis will test various financial mechanisms across an array of Delta levee situations, all of which assume that beneficiaries should pay for their share of levee costs. The first three memos will be reviewed at the first Workshop.

The first memo, “Historic Investments in Delta Flood Protection” describes past and current federal, state and local funding for levee improvements and maintenance in the Delta, including a review of funding for the State of California levee Subvention and Special Projects Programs, local reclamation district financing sources, and appendices with more detailed fiscal information.

The second memo, “Current Legal and Institutional Context for Financing Flood Protection,” outlines key state constitutional and statutory considerations which govern the ability of the State, special districts, and local governments to deploy financing tools, such as land-based assessments, to maintain and improve Delta levees. This memo describes existing constraints on property-related fees and taxes as the starting point for the feasibility analysis.

The third memo, “Summary of Archetype Attributes,” describes the study’s approach of using realistic but hypothetical situations to develop and test various assessment mechanisms. These archetypes illustrate typical asset mixes and conditions on Delta islands and will be used to evaluate the potential feasibility of specific financing mechanisms. The archetypes are intended to simplify the Delta’s complexities and help to focus the analysis on those beneficiaries which are most at risk and therefore gain the most from the flood protection provided by levees. The archetypes are intended to identify key problems of any of the financing mechanisms.

CONSIDERATIONS WHEN REVIEWING THE CONTEXT

MEMORANDA:

1. Purpose/Scope: Is the purpose of each memo clearly stated? Is the purpose clearly tied to the approach of this study?
2. Information Refinements: Is the information clear? Is additional information or clarification needed to support the main points?
3. Appropriate Level of Detail: Some of the information in Memorandum #2 refers to taxing and revenue issues statewide, while other aspects are highly specific to the Delta. Is the level of detail appropriate? Are there areas that could be summarized more briefly? Are there areas that need more information and detail?
4. Overall organization: Does the flow of information make sense? Are there areas that need clarification, reorganization, new headings, etc.?
5. Archetypes: Do the five archetypes adequately capture the main beneficiaries of Delta levees? Are any of the archetypes unnecessary or duplicative? Are there other situations that should be represented in an archetype?
6. Key Considerations: What standards or criteria might be included in evaluating financing mechanisms in the context of the beneficiaries-pay principle?