

Questions and Answers about the Water Supply and Water Quality bond act for the November, 2018 ballot.

Updated November 17, 2017

What is the need for more State investment in water resources? What is the role of local water agencies and the federal government in paying for this infrastructure?

The State of California has invested many billions of dollars in water infrastructure. This is because California has three distinct water problems. First, most precipitation falls north of Sacramento, but most water demand for cities and agriculture is south of Sacramento. Second, most precipitation falls in the winter, but most demand is in the summer. Third, most of the population lives near the coast, but most rivers and groundwater are inland.

Although some large cities like San Francisco, Los Angeles, and the East Bay have built large pipelines to move water from east to west, it has taken huge state and federal investments to move store winter and spring runoff, and move water hundreds of miles from north to south and east to west for the benefit of most Californians. The federal government has invested billions of dollars over the past 100 years, but there have not been any major new federal infrastructure investments in California water for nearly 40 years. During this time, the demand for water for vitally important environmental concerns, as well as population growth, have added to the pressures on the existing system.

The state has helped fill the gap by passing a series of water bonds, beginning in 1960, and continuing through 2014. The state has presented the voters with 21 water bonds during that time, and 20 have been approved, totaling many billions of dollars.

Despite this large investment by the state, local water districts have invested even more money in storage, distribution, wastewater recycling, desalting, and many other forms of water management. The state usually acts as a partner to local water agencies, using state bond funds to incentivize local water projects which might have otherwise been built later to be built earlier.

Dozens of publications demonstrate the need for additional investment in water infrastructure. Here are just a few:

Public Policy Institute of California report on water infrastructure funding need:

<http://www.ppic.org/main/pressrelease.asp?i=1464>,

Bay Area Council funding needs study <http://documents.bayareacouncil.org/bacwppfinal.pdf>

Bay Area Council link to video about SF Bay flooding <http://www.bayareacouncil.org>

Governor Brown's list of infrastructure needs, including \$50 billion for flood control:

<https://www.cnbc.com/2017/02/24/california-plans-to-bolster-states-flood-control-efforts.html>

Can California afford this bond?

Yes. The state can afford a new water bond. Taking on new debt is always a serious consideration, however the state's bond rating is steadily improving, and the interest rate we pay is equivalent to a bond with an AAA rating. There is a huge demand for California bonds by the bond market.

<https://www.bloomberg.com/news/articles/2017-08-08/california-once-compared-to-greece-now-trading-better-than-aaa>

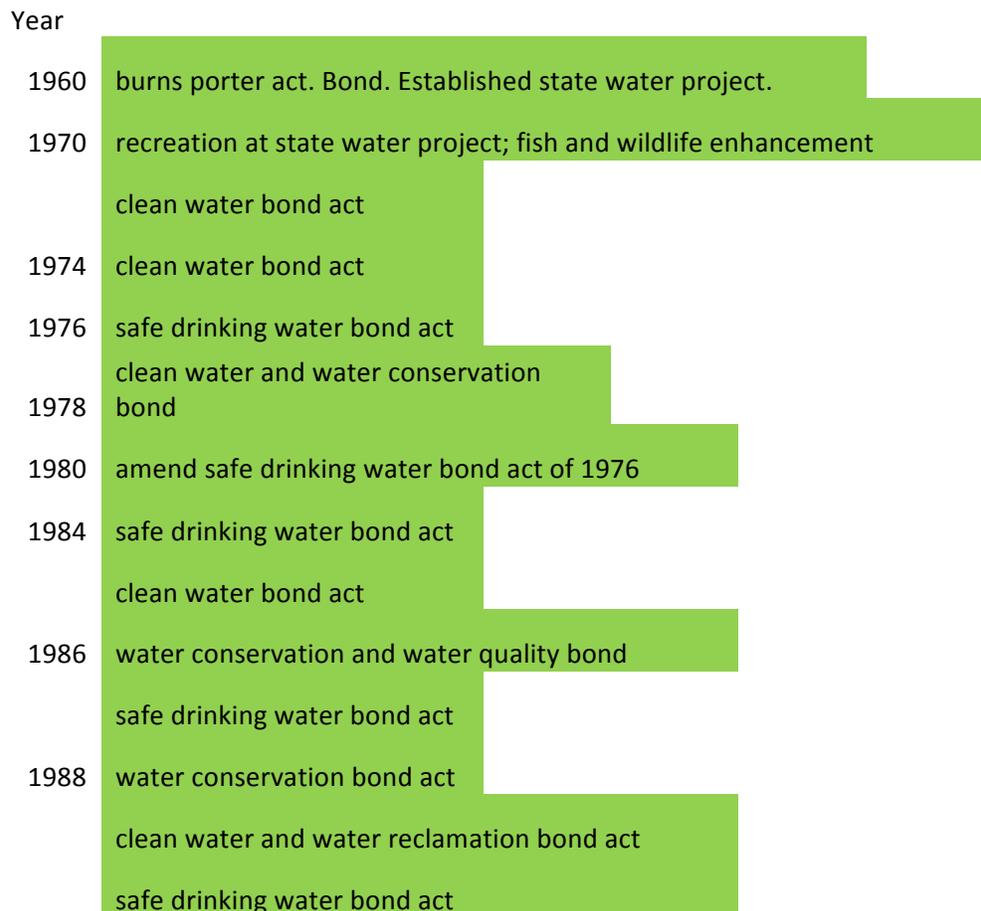
As described in the 2016 Voter Handbook published by the Secretary of State and the Treasurer, California devotes less than five percent of its general fund budget to servicing general obligation bonds. This is well within the prudent limit for bond expenditures.

<http://vig.cdn.sos.ca.gov/2016/general/en/pdf/complete-vig.pdf> (see page 114 for an analysis of state debt)

Bonds are almost the only way the state invests in repairing its water infrastructure.

What is the history of water bonds in California?

Since 1972 California voters have approved 20 of 21 general obligation bond measures which provided funding for water development. Those in green passed. The bond in pink failed.



1990	water resources bond act
1996	safe reliable water supply bond act
2000	parks, water, air coast bond act
	water bond act
2002	parks, water, air, coast bond act
	water quality supply safe drinking water initiative
2006	water bond act initiative
	Disaster preparedness and flood prevention
2014	water Quality, Supply, Treatment, Storage

Does this measure meet the needs outlined in the Governor’s water action plan?

Yes. Governor Brown adopted a water action plan in 2013. It is comprehensive, including all elements of water management, including water for people, agriculture and the environment. This measure funds all elements of the water action plan. An analysis of how this measure conforms to the Water Action Plan is on this website. See the Water Action Plan at

http://resources.ca.gov/docs/california_water_action_plan/Final_California_Water_Action_Plan.pdf

Are all parts of the state included fairly?

Every part of the state will benefit from implementation of this measure. No area is excluded.

How are the water bond funds allocated?

Proceeds from the bonds will be applied to the places of highest need. A table of all the funding categories is found on this website.

What are the principal purposes of the water bond?

The water bond initiative invests in these important programs:

- **Safe Drinking Water and safe disposal of wastewater for disadvantaged and other poor communities.** Many of these communities have no drinking water at all, or unsafe water supplies. This is unacceptable in an advanced 21st Century society like California. Funds for this purpose from previous bond acts will be exhausted by 2018.

- **Implementation of the Sustainable Groundwater Management Act.** The Legislature passed this landmark act several years ago. This bond act will provide funds to help bring California’s groundwater

basins into balance. Water from the ground provides nearly 40% of California's water supply, and has been subject to severe overdraft in some regions. This must be corrected.

- **Restoration of the delivery capacity of the Friant-Kern Canal.** This canal, which stretches from Fresno to Bakersfield delivers water to 15,000 farms, and has lost much of its capacity due to subsidence caused by groundwater overdraft. The canal water irrigates more than one million acres of California's most productive farmland, annually producing more than \$4 billion in gross agricultural production. Much of our long term food supply will be at risk if this problem is not corrected.

- **Wastewater recycling, groundwater desalting, and water conservation.** These proven techniques to increase and extend water supplies are ecologically sound methods of meeting California's water needs.

- **Stormwater management.** Stormwater can pollute rivers and the ocean, by carrying waste into these water bodies. By capturing and treating stormwater in urban areas, water supplies can be increased and pollution reduced.

- **Increased water supplies and improved habitat for fish, waterfowl and wildlife.** By providing more water and improving habitat conditions, these native California species will thrive, and endangered species will recover.

- **Watershed improvement and fire recovery.** Most of our water comes from the watersheds that supply our rivers, streams and groundwater. Better watershed management can improve the quality and quantity of these water supplies, and restore watersheds damaged by fire, improving public safety.

- **Flood management.** By broadening flood plains, flood damage to farms and cities can be reduced. Modifying existing inadequate flood control facilities will also reduce flood risk.

- **Salton Sea.** Without state investment, California's largest lake will dry up, causing huge air quality problems in Southern California due to blowing dust. The Sea's diverse wildlife also needs protection.

- **River parkways and urban streams.** Many cities and towns in California are located on or near rivers and streams. Enhancing these important recreational and habitat features will improve the quality of life in these cities, as well as water quality.

- **Bay Area Regional Reliability program.** This important program will integrate the water supplies of various water agencies in the San Francisco Bay Area.

- **Oroville Dam Repair.** State and federal general funds were used to pay for the flood control and recreational features of Oroville Dam. Restoring the flood control features of the dam is a reasonable purpose of this bond act.

How much water will this bond produce for people?

A great deal. A reasonable estimate of new water supplies provided by this measure is more than 1.5 million acre feet. This is enough water to supply water for three million families. A full analysis of these new water supplies is found on this website. (This link will be active shortly.) Most of this new water will be available in critical drought years, greatly increasing its value.

How are the needs of fish and wildlife met?

The bond will focus urgently needed resources to the environment. Fish and wildlife need two things to thrive: a good water supply, and protected habitat. The water bond includes funding for a wide variety of projects which provide for both these needs. Funding is provided to acquire water for fish and wildlife, and also to protect and expand wetlands and other water related habitat. A full analysis of the benefits of the bond for fish and wildlife is found on this website.

How does the bond help with flood control and management?

Although much of California is arid, floods are a constant problem throughout the state. There are two responses to this problem. The first is to keep development out of flood plains, to allow floods to pass by developed areas safely. The second is to use levees to channel floodwaters, and to detain flood flows in reservoirs, and then meter them out slowly to provide a water supply benefits.

This measure uses both these methods to avoid and reduce flood damage. It includes repairs to existing flood control reservoirs including Oroville and those in Southern California. It also provides funds to improve and set back levees, so that the floodwater carrying capacity of flood plains is increased.

Are there still funds left over from the 2014 water bond?

For water storage projects, but not for the kinds of infrastructure needs this bond will address. The 2014 water bond included two major categories of funding. The first was water storage projects. Due to provisions in the bond, these funds could not be expended until at least 2018. The California Water Commission is charged with expending these funds. The Commission has received 12 proposals for these funds, but will not award grants until at least 2018. Since these funds are still unexpended, and to avoid interfering with the Water Commission process, this measure does not have an expenditure category for new water storage.

The remainder of the 2014 water bond went to a wide variety of categories of expenditure. The various state agencies charged with awarding these funds have followed the mandate of the voters to award these funds as quickly as possible. The California Natural Resources Agency keeps track of these expenditures, and states that more than 75% of the funds have been obligated, spent or encumbered. Most of the remainder will be spent by the time this measure goes into effect. You can examine the expenditures of the 2014 water bond at:

<http://bondaccountability.resources.ca.gov/PDF/Prop1/P1AllocBalRpt.pdf?v=1>

Why didn't this go through the legislature?

Proponents of the water bond asked the Legislature to include at least \$3 billion of items in this measure in Senate Bill 5 (DeLeon), the legislative water and park bond. But the legislature decided not to accept this increase in the bond package. For this reason, the supporters of this measure decided to proceed with the initiative.

Senate Bill 5 will appear on the June, 2018 ballot. Although it includes some water elements, it is not a comprehensive water bond. The water bond initiative includes a wide variety of programs which are

not covered by Senate Bill 5. There is little overlap between the two measures. The water bond initiative will appear on the November, 2018 ballot.

Who supports the water bond?

The bond will be endorsed by a wide variety of conservation, agricultural, water, environmental justice and civic organizations.

Why should so much money be devoted to meeting the water needs of the Central Valley watershed?

Most of the water California uses originates in the mountain watersheds surrounding the Central Valley, and in the aquifers underneath the valley. While the bond act responds to the flood control, water supply and environmental needs of the coastal and other inland regions of California, it is impossible to deal with the major water problems of California without concentrating on water supply issues in the Central Valley.

Why is money for Oroville Dam repair included? When Oroville Dam was built, the federal government paid for the flood control aspects of the dam. Since the public agencies that receive water from the dam do not receive any flood control benefits, they were not required to pay for the flood control purposes of the dam. Indeed, by dedicating a large amount of space in the dam to flood control, the water, recreation and power supply purposes of the dam were diminished. The federal government is providing some funds to repair the damage to the dam caused by the 2017 storms, but will not provide enough money to repair the flood control aspects of the dam. It is reasonable for the state to pay for at least part of the flood control repairs.

This is not the only case where general fund money has been used to pay for aspects of the State Water Project that are not the responsibility of the State Water Project contractors. The Davis-Dolwig Act provides state general funds for recreation facilities at the State Water Project. Proposition 84 provided \$54 million for this purpose in 2006.

Does this measure fund the Delta tunnels (California Water Fix)? **No.** The water bond contains language which prohibits any of the bond funds from being used to pay for the tunnels, and requires that the tunnels be paid for by the water users.

Does this measure benefit Disadvantaged Communities and Economically Distressed areas?

Yes. Nearly half of the funds are either entirely dedicated to these communities, or include provisions which waive matching fund requirements for disadvantaged communities, or grant them high priority in funding. An analysis of the bond act from the perspective of these communities and a table of benefits to disadvantaged communities are both found on this website.

Does the bond act provide seismic safety benefits so that an earthquake will not disrupt water supplies? Yes. The \$200,000,000 provided to upgrade flood control facilities at Oroville Dam will also improve the seismic resistance qualities of the dam. An additional \$100,000,000 is provided to improve flood control reservoirs, mainly in Southern California, to make them more earthquake safe.

Why is so much money provided to the Friant Water Authority? Shouldn't local farmers and irrigators take care of these needs? What about the federal government fixing this federal facility? During the drought, overpumping of groundwater along the Friant-Kern Canal caused the canal to subside, reducing water supplies to up to 15,000 farms covering more than one million acres of some of the most productive farmland in the world. Almost all of these farms are family farms of 1,000 acres or less. . Some of the overpumping was done by farmers who are not supplied by the Friant-Kern Canal. Capacity in the Madera Canal has also been reduced. Many of the communities along the Friant-Kern and Madera Canals are disadvantaged (see this [map](#) of disadvantaged communities: look at the area between Madera and Bakersfield). Many farmworker would be unemployed if water deliveries from the Friant-Kern and Madera Canals were permanently curtailed. Much of California's fresh fruit, vegetables and milk are grown with water from the Friant Kern Canal.

Given the huge demands on the federal government for recovery from Hurricanes Harvey and Irma, plus the Trump Administration's budget cuts for the Department of Interior, it is very unlikely that they would provide the funds to repair the Friant-Kern Canal.

Any funds that remain from the Friant allocation could go to water conservation and groundwater management in the Friant-Kern service area, to help prevent the subsidence problem from recurring, and to improve the ability to move water within and to the canals.

For decades California has invested in urban water supply improvement projects such as wastewater recycling, flood control, water conservation and desalting. Given our dependence on California agriculture for our food supply, it is reasonable to make investments in our agricultural water supply as well.

What is the impact on other sources of funds for water development?

Funds from other sources such as Proposition 1 (2014 water bond) are diminishing, and the federal government is investing less in water purposes. Providing the funds from this bond act, will reduce pressure on these other sources.

Do bonds create incentives for good behavior by grantees?

Yes. By providing matching funds for such projects as wastewater recycling, water conservation, and groundwater and other types of inland desalination, the bond act will steer local agencies in the direction of investment of these types of projects. The bond will make these projects more affordable for local agencies.