

The Water Supply Reliability and Drought Protection Act of 2016

Questions and answers

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Why do we need a water bond Act?

California faces a water crisis of almost unprecedented proportions. Our economy, jobs, environment and quality of life depend on a reliable water supply.

During the last 100 years, California has faced droughts up to seven years long. Previous droughts lasted dozens to even hundreds of years. They will recur. Climate change is making all this worse. We can no longer afford to be unprepared for long term droughts. We must make better use of every source of water, to provide for human uses and to protect environmental uses.

Do we need another water bond act now? Didn't we just approve one?

This measure is designed to complement and not replicate Proposition 1, which was approved by the voters in 2014. This new measure only funds categories where few or no Proposition 1 funds will remain beyond 2018. The following categories of funding are compared to the funds provided by Proposition 1. All these categories are cost effective, and will make our state better prepared for inevitable future droughts.

Stormwater: Even during droughts, severe storms fill our storm drains and channels, and the water rushes out to sea unused. Green infrastructure can divert this water into groundwater recharge facilities, allowing us to capture much of the water for later use, without causing environmental harm.

Proposition 1 provided only \$200 million for stormwater management. The need in Southern California alone is over \$12 billion. These funds will pay not only to clean stormwater before it reaches the ocean, but also to store the water underground for future use.

Wastewater recycling: Every day we throw more than a billion gallons of high quality treated wastewater into the ocean after only one use. Wastewater can be treated and used for a wide variety of human and environmental uses. This is a supply that is available even during severe droughts. But making use of this water is expensive. It will cost billions of dollars to properly treat and reuse this wastewater.

Proposition 1 provided \$625 million for wastewater recycling. These funds will be expended by the end of 2018. This measure will make an additional investment in this highly productive source of new water.

Desalting: In many parts of California, pollution and naturally occurring minerals have added salt and other contaminants to the groundwater vital to the water supplies of most urban areas. These contaminants are readily removed with desalting facilities, and the groundwater supplies are made usable. This supply is available even in drought years.

Proposition 1 provided only \$100 million for desalting. The funds will be gone soon. This measure will substantially augment funding for this vital source of water supply.

Water conservation: Even though most of California has an arid climate, much of our landscaping is more suitable for a wet state like Pennsylvania. More than half the water in urban areas is used for landscaping. California has much to learn from our neighbors in Nevada and Arizona. Drought tolerant landscaping can be beautiful, and even spectacular. Homeowners and businesses need incentives to adopt landscaping which will use far less water, but be practical and attractive. Drought tolerant landscaping can attract birds and butterflies, and increase property values.

Proposition 1 provided \$100 million for landscape water conservation. The funds are going rapidly. The Metropolitan Water District spent \$300 million on this program in 2015 in just several weeks. We need funding for landscape modification, especially in residential areas. These funds would be spent statewide. Proposition 1 funds are being spent largely in Northern California.

Leaks in our urban water system rob us of more than 10% of all our urban water supplies. Modern technology can find these leaks, and they can be repaired. Leaks hurt us most during droughts. Proposition 1 provided no funds for this very cost effective program. This measure will fund this important program.

Watershed protection and restoration: Good science is showing that preserving and restoring watersheds is one of the most cost effective ways improve water quality and quantity, providing benefits for fish, wildlife and human users. Those owning the watersheds often cannot afford to make these improvements, but downstream users are increasingly aware that investing in watershed improvements pays big benefits in both water quality and water supply.

Proposition 1 provided only \$25 million for projects to improve watersheds in the Sierra Nevada and Cascades, the source of the majority of California's water supply. In a landmark publication, the Association of California Water Agencies pointed out the need for more investment in preserving and enhancing California's primary source of water ("Improving the Resiliency of California's Headwaters: A Framework"). Investments in improvement of Sierra and other vital watersheds is a key element of the measure.

This measure will invest in the Sierra and other watersheds of importance throughout the state.

Salton Sea. More than ten percent of California's water supply comes from the Colorado River. That supply was bolstered by the Quantification Settlement Agreement (QSA), which called for a variety of measures to improve the use of Colorado River supplies. A key part of the QSA was improvement in the biological characteristics of the Salton Sea, one of California's largest water bodies, and home to more bird species than any other location. Proposition 1 did not guarantee any funding to Salton Sea preservation. This measure makes a needed start towards the state's commitment to preserving the Salton Sea. It will fund shovel ready projects to preserve the Sea's biodiversity.

By making this investment, California will be better able to implement the QSA, thus assuring a continued supply of water from the Colorado River.

Groundwater. Proposition 1 went a long way towards cleaning up contaminated groundwater supplies. But it provided only \$100 million in funds to better manage existing groundwater supplies, which are being severely overdrafted. These funds will be quickly exhausted. This measure will make a major investment in better management of our groundwater supplies.

Landscape management. Many invasive weeds like Yellow Starthistle, Giant Reed (Arundo) , and Tamarisk use far more water than the plants they displace. They waste enough water to supply millions of families, but they grow on rangeland and along streams, and the landowners often cannot afford to remove them. Removal of these plants can quickly increase water supplies for people, fish and wildlife. Since these plants use excessive amounts of water every year, removing them has the greatest benefit in drought years.

Proposition 1 did nothing to fund these highly cost effective programs. This measure will do so.

Flood Management. Flood inevitably follow droughts, and a warming climate means that rain will replace snow, and floods will become more common. Proposition 1 provided funding for improvement of the Delta Levees, but only allocated \$100 million for all other state flood management projects. This measure focuses on two other serious problems. Flood management in the Central Valley is needed to protect large population centers like Sacramento, and to relieve pressure on vital Delta levees by widening upstream flood plains to reduce peak flows. Another major problem unaddressed by Proposition 1 was the inability of existing flood control reservoirs to store water so it can be used to recharge underground reservoirs. This measure will provide funds to repair these reservoirs, allowing them to resume their water supply function.

Water for wildlife. Although Proposition 1 provided \$200 million to acquire water for fish and waterfowl populations, the drought has caused water prices to rise dramatically. Unless we meet commitments to protect fish like salmon and steelhead, and our internationally recognized waterfowl populations, their declining numbers will inevitably put pressure on water managers to reduce water supplies for human use. Additional funds are needed to protect the water supplies for California's fish and wildlife heritage. This measure will provide funds for these purposes.

Water Storage: Proposition 1 provided \$2.7 billion dollars for water storage programs, and it will take many years to expend these funds. No funds can even be allocated until at least 2017. This measure does not add to these funds. However, as mentioned above, it does include substantial funds to repair existing dams to improve their water supply capacity.

Safe Drinking Water: Proposition 1 generously funded these programs. But the need to solve drinking water in disadvantaged and economically distressed communities is very large. Hundreds of thousands of Californians do not have access to truly safe and reliable drinking water supplies. This measure gives special emphasis to immediately solving urgent problems of unsanitary and unreliable drinking water,

allowing state agencies to use their own forces to build new safe drinking water systems, rather than requiring poor communities to develop complicated grant proposals.

Water Measurement. Proposition 1 failed to fund vital water measurement programs. The State Water Resources Control Board is not able to fully measure streamflow and water diversions. They must be able to do so to implement fair water rights programs, and assure that every water user gets their fair share of dwindling water supplies. This measure will allow the Board to better measure flows and diversions.

How much water will this measure produce? This measure will develop at least 1.5 million acre feet of water, enough to provide an adequate water supply for 7.5 million people. It will also develop substantial water for fish, waterfowl, and wildlife.

Who are the supporters of the measure? This measure will be supported by conservation groups, water districts, businesses, labor, and a wide variety of civic organizations.

Can California afford more bond acts? The best measure of affordability of bond acts is the fraction of the state's general fund which goes to service bond debt. Fortunately, with our recovering economy, that fraction is declining. According to data provided in the Secretary of State's voter handbook, interest on infrastructure bonds uses 5% of the state's budget, well within conventional limits on such interest payments. This modest bond will not substantially affect that ratio.

Interest rates are extraordinarily low now, making debt financing affordable.

California ranks in the middle of all states with respect to the ratio of debt to gross state product.

Will approving another bond act impair our credit rating, or make it harder to sell bonds? Thanks to an improving economy, fiscal constraint by the Governor and the legislature, and the relatively few bond acts approved by the legislature in recent years, California's credit rating is rapidly improving. Major credit rating agencies have upgraded the state's credit rating twice in the past year.

Approving a bond of \$5 billion or less will have a very small effect on California's overall bonded indebtedness, and would have no effect on the state's credit rating. California's bonds are very well received in the marketplace, and bond trading companies would welcome issuance of additional California general obligation bonds.

Will protecting and improving watershed lands really protect and improve our water supply and water quality?

As noted above, California's water agencies increasingly recognize that improving our watersheds can actually improve the quality and quantity of water supplies for all users. Studies at UC Merced and elsewhere have begun to quantify these benefits, and they are cost effective. Numerous huge fires in

the Sierra Nevada and elsewhere have converted large areas to vegetation types which consume large amounts of water. Watershed management can improve forest health and water supplies at the same time.

Does this measure provide funding for the delta water tunnels? No. A prohibition against using bond funds for the tunnels was included in Proposition 1, and the same language appears in this measure.

Are Northern California water rights protected? Yes. All parties agreed to such language in Proposition 1, and the same language is included in this measure.

What about water supplies for disadvantaged and economically distressed communities? Virtually every program authorized in this measure gives special consideration to these communities, either by giving them high priority in the grant application process, or by reducing the matching funds required, or both. The Legislature has recognized the human right to water, and this measure does as well.

When will the measure appear on the ballot? November, 2016.