POLICY BRIEF

OCTOBER 2014

PROPOSITION 1: WATER BOND

POSITION

Both the Chamber's Infrastructure, Housing & Land-Use Committee and the Public Policy Committee voted to support Proposition 1. The Chamber's Board of Directors also voted to support the Bond on September 25, 2014.

SUMMARY

If passed by California voters, Proposition 1 would:

- Authorize $7.12 billion in general obligation bonds for state water supply infrastructure projects, such as surface and groundwater storage; ecosystem and watershed protection and restoration; drinking water protection; water supply management; water recycling and advanced water treatment technology; and flood control.
- Reallocate $425 million of unused bond authority from prior water bond acts, for same purposes.
- Appropriate money from the General Fund to pay off bonds.
- Require certain projects to provide matching funds from non-state sources in order to receive bond funds.

Specific spending proposals in the proposition include:

- $520 million to improve water quality for "beneficial use," for reducing and preventing drinking water contaminants, disadvantaged communities, and the State Water Pollution Control Revolving Fund Small Community Grant Fund.
- $1.495 billion for competitive grants for multi-benefit ecosystem and watershed protection and restoration projects.
- $810 million for expenditures on, and competitive grants and loans to, integrated regional water management plan projects.

October 2014

Overview:

Proposition 1 would allow the state to sell $7.12 billion in additional bonds and redirect $425 million in unsold bonds for water and other environmental uses.

This measure would provide funding to increase water supplies, protect and restore watersheds, improve water quality, and increase flood protection.

According to the San Diego County Water Authority, the bond contains competitive funding opportunities for San Diego to advance local and regional water supply development.

Proposition 1 will be placed on the Nov. 4 ballot. If passed by voters, it will invest in water supply development and water infrastructure projects.

- $2.7 billion for water storage projects, dams and reservoirs.
- $725 million for water recycling and advanced water treatment technology projects.
- $900 million for competitive grants and loans for projects to prevent or clean up the contamination of groundwater serving as a drinking water source.
- $395 million for statewide flood management projects and activities.

ANALYSIS

According to the Legislative Analyst Office's fiscal impact analysis, taxpayers will pay an average of $360 million annually over the next 40 years. This measure would also bring savings to local governments, likely averaging hundreds of millions of dollars annually over the next few decades.

San Diego County Water Authority states the measure contains competitive funding opportunities for the San Diego region to advance local and regional water supply development. Of the funds that are regionally allocated within the water bond, the San Diego region would be allocated nearly 11 percent of the total.

- Chapter 9 would provide $725 million for water recycling and advanced water treatment technology projects, including potable and non-potable reuse and seawater desalination projects.
- Chapter 7 would allocate $52.5 million to the San Diego funding area for local and regional Integrated Regional Water Management projects.
- Chapter 6 would allocate $475 million to help fulfill state obligations, including mitigation and restoration obligations at the Salton Sea as part of the Colorado River Quantification Settlement Agreement of 2003.
- Chapter 7 would provide $100 million for water-use efficiency projects.
- Chapter 6 would allocate $17 million to the San Diego River Conservancy for important land conservation, open space, habitat, wetlands, and water quality improvement opportunities in the San Diego River watershed.

Opponents claim this measure is fiscally irresponsible given California's $777 billion debt and the existing $128 billion in general fund bonds that must be repaid by taxpayers. The Bond would add more than $7 billion in taxpayer indebtedness that must be repaid with interest. Opponents also claim Proposition 1 wrongly focuses on constructing dams, which do little to promote regional water sufficiency. The Bond includes the largest appropriation for new dams in the state's history, and a number of dam projects that were previously abandoned because of low water yield and financial infeasibility are being resurrected. Further, some say the money allocated for habitat restoration, water quality and fish protection facilities in the Delta is simply mitigation for the Bay Delta Conservation Plan and/or the existing export projects by another name.

SUPPPORT

The Nature Conservancy

California Chamber of Commerce

Los Angeles Chamber of Commerce

Silicon Valley Leadership Group

San Diego County Water Authority

Metropolitan Water District of Southern California

Natural Resources Defense Council

Northern California Water Association

State Building and Construction Trades Council of California

Association of California Water Agencies

League of California Cities

California State Association of Counties

Union Tribune

OPPOSITION

California Sportfishing Protection Alliance

California Striped Bass Association

California Water Impact Network

Center for Biological Diversity

Central Delta Water Agency

Friends of the River

Food and Water Watch

Pacific Coast Federation of Fishermen's Associations

Restore the Delta

Small Boat Commercial Salmon Fishermen's Association

South Delta Water Agency

Southern California Watershed Alliance