

# Five Things to Know About Water Bonds on Upcoming California Ballots

California voters will be confronted with two multibillion-dollar propositions this year dealing with water, one on the June 5 ballot and another on the November 6 ballot. While the bond measures overlap somewhat, they also have important differences.

Californians this year will vote on not one but two water bond measures totaling \$13 billion. Given that the state still hasn't spent all of the \$7.5 billion from the Proposition 1 water bond passed in 2014, it raises a crucial question: Does California really need another \$13 billion in water bonds?

As of December 2017, the state had allocated only about \$1 billion from Proposition 1. About half of the total money available from the bond is dedicated to new water storage under a complicated new process that funds only the "public benefits" of such projects. The first dribble of money from that pot is expected to be awarded later this year.

With all that money still coming, why two more water bonds? Here are answers to some basic questions about the ballot measures that may help illuminate the situation.

Who sponsored these ballot measures and what are they for?

Proposition 68, a \$4.1 billion bond measure, wins the prize for most unwieldy title. Known as the California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access for All Act of 2018, it was placed on the June 5 primary ballot by the state legislature. Sponsored by former Senate President Pro Tem Kevin de León, D-Los Angeles, nearly two-thirds of the money appears destined for park and wildlife projects, not water projects. However, much of this money would indirectly benefit state water resources, such as projects along specific river corridors that would improve water quality.

The Water Supply and Water Quality Bond (proposition number not yet designated) has qualified for the November 6 general election ballot and would allocate \$8.9 billion for water projects. The main sponsor is Jerry Meral, former deputy secretary of the California Natural Resources Agency and now director of the California Water Program at the nonprofit Natural Heritage Institute. This bond is more strictly focused on water and wastewater projects. There is no money for parks, but there is money for watershed improvements all over the state.

Do the two bonds overlap at all?

Yes, they do. Both bond measures include money for Salton Sea restoration (\$200 million each), where declining agricultural runoff is shrinking the water elevation. This reduces important waterfowl habitat, and also exposes the erosive lakebed to strong desert winds, creating a potential air-quality concern.

Both bonds also include funding for wastewater recycling (up to \$390 million in Prop. 68, \$650 million in Meral's measure), an increasingly important source of drinking water for the state as public acceptance grows.

There is also some overlap in funding to protect and enhance watersheds and rivers. For example, a state agency, the Santa Monica Mountains Conservancy, is designated funding in both bonds for river restoration projects. Numerous other waterways across the state would get money under both bonds, including the American River, the Russian River, the Guadalupe River and the Santa Margarita River.

Neither bond includes any funding explicitly for traditional water storage projects like new dams.

So, what distinguishes the two bonds then?

Well, if you care about parks as well as water, you'll want to support Prop. 68. It includes nearly \$1.3 billion for park projects. This includes \$218 million to restore and improve state parks, which faces an estimated \$1.2 billion maintenance backlog. It also includes \$725 million to help build new local parks in communities that are known to be underserved when it comes to recreation amenities. This includes the San Joaquin Valley and the state's desert communities.

Prop. 68 also includes \$767 million for projects to enhance wildlife and watersheds. Many of these projects will have indirect benefits to water quality. For example, each of the state's designated regional habitat conservancies are allocated money in the bond to continue their efforts to protect land and water. Funds are also designated to improve fish passage at water diversions along streams or where streams are impacted by road crossings.

The November bond measure targets a much broader array of water projects. For example, it includes \$100 million to change the way existing water storage reservoirs are operated so they can capture more runoff. The dams themselves would not be changed, only their operating rules. It also includes \$550 million for projects to capture and reuse stormwater, \$300 million for water conservation projects and \$60 million to improve data gathering on the state's water resources.

This bond also includes a particular focus on groundwater, with \$640 million designated to help implement the Sustainable Groundwater Management Act, the state's first effort to comprehensively regulate groundwater extraction. Most of this money will be offered as grants to help dozens of new groundwater management agencies acquire land and water from willing sellers to begin recharging depleted aquifers.

Is there any downside to these bonds we should know about?

In a few cases, these ballot measures are asking taxpayers across the state to pay for projects that should be helping themselves.

For example, the November bond measure includes \$200 million to help pay for repairs at Oroville Dam, which was heavily damaged by storms in February 2017. This money is being made available in case the Federal Emergency Management Agency doesn't cover all the repair costs. But Oroville Dam doesn't serve every Californian. It is part of the State Water Project, which provides some water for about two-thirds of the state's residents.

The same bond includes \$750 million to repair the Friant-Kern Canal. The canal is buckling because of heavy groundwater pumping in the San Joaquin Valley that caused the land to subside. This has compromised the canal's water-delivery capacity. In short, every California taxpayer is being asked to fix a canal that serves about 14 agricultural irrigation districts, which was damaged by a handful of groundwater users.

Similarly, a lot of the money for park projects in Prop. 68 will be spent in locations that most Californians will never visit. This is particularly so with the \$725 million set aside to develop and improve local community parks. It could be argued, however, that this money will improve the general welfare of the populace, making the state overall a more pleasant place to live. But that's hard to quantify.

Virtually all bond measures contain funding like this that benefits a local area and not the state as a whole. Partly this is done to ensure voters in every part of the state find a reason to vote for it. It's up to each voter to decide if the bond measure, on balance, is a good investment of their tax dollars.

Bond money isn't free. How much will these propositions cost the state?

The Legislative Analyst's Office estimates that repaying the \$4.1 billion in bonds offered up by Prop. 68 will cost the state \$200 million every year for 40 years.

The \$8.9 billion November bond measure is estimated to have annual repayment costs about twice that. The state attorney general's office estimated in April, when the measure was certified for the ballot, that repayment would cost about \$433 million annually for 40 years.

Money to repay the bonds comes out of the state's general fund. In total, California spends less than 5 percent of its total general tax revenue paying off bonds every year. ■