



In Pursuit of “Coequal” Goals: So What’s Going On in California Now?

Timothy Quinn
Executive Director

WESTCAS 2012 Fall Conference
October 11, 2012

About ACWA

Who We Are...

- Formed in 1910 by 5 agricultural irrigation districts
- Statewide, non-profit, non-partisan association
- About 440 public agency members
- Funded by voluntary dues from public water agency members

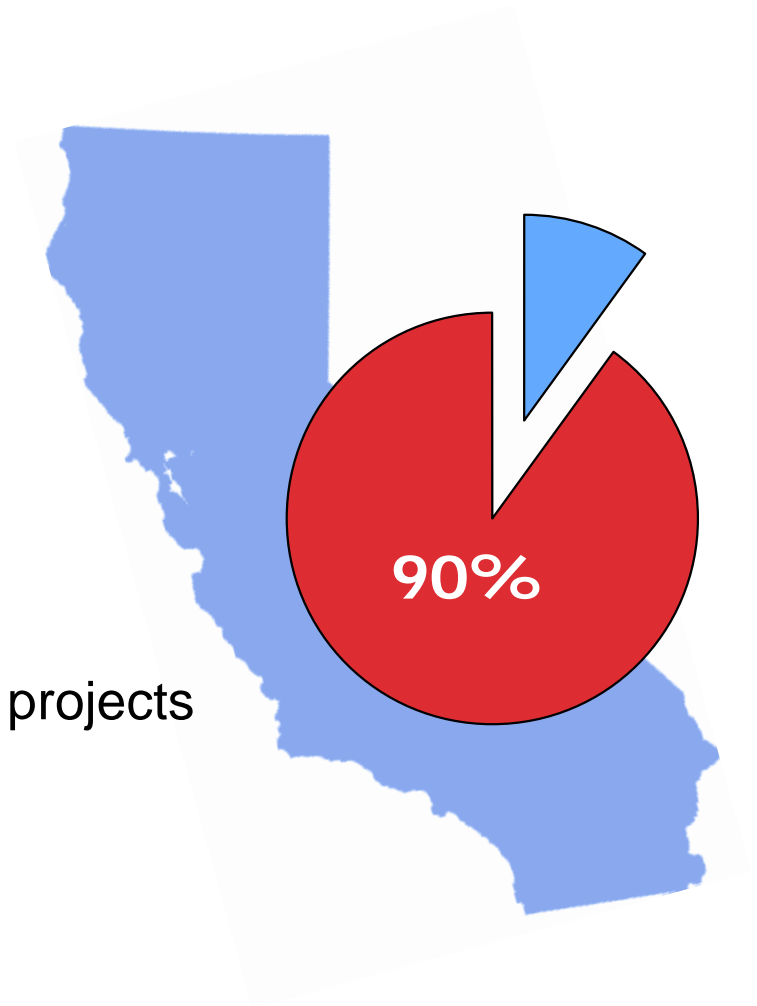


About ACWA

Who We Represent . . .

ACWA members are responsible for 90% of the state's distributed water

- urban and agricultural
- surface and groundwater
- wholesalers and retailers
- water from federal, state and local projects



Evolving Natural Resource Policy Then and Now



San Luis Reservoir
Dedication

Mid 20th Century



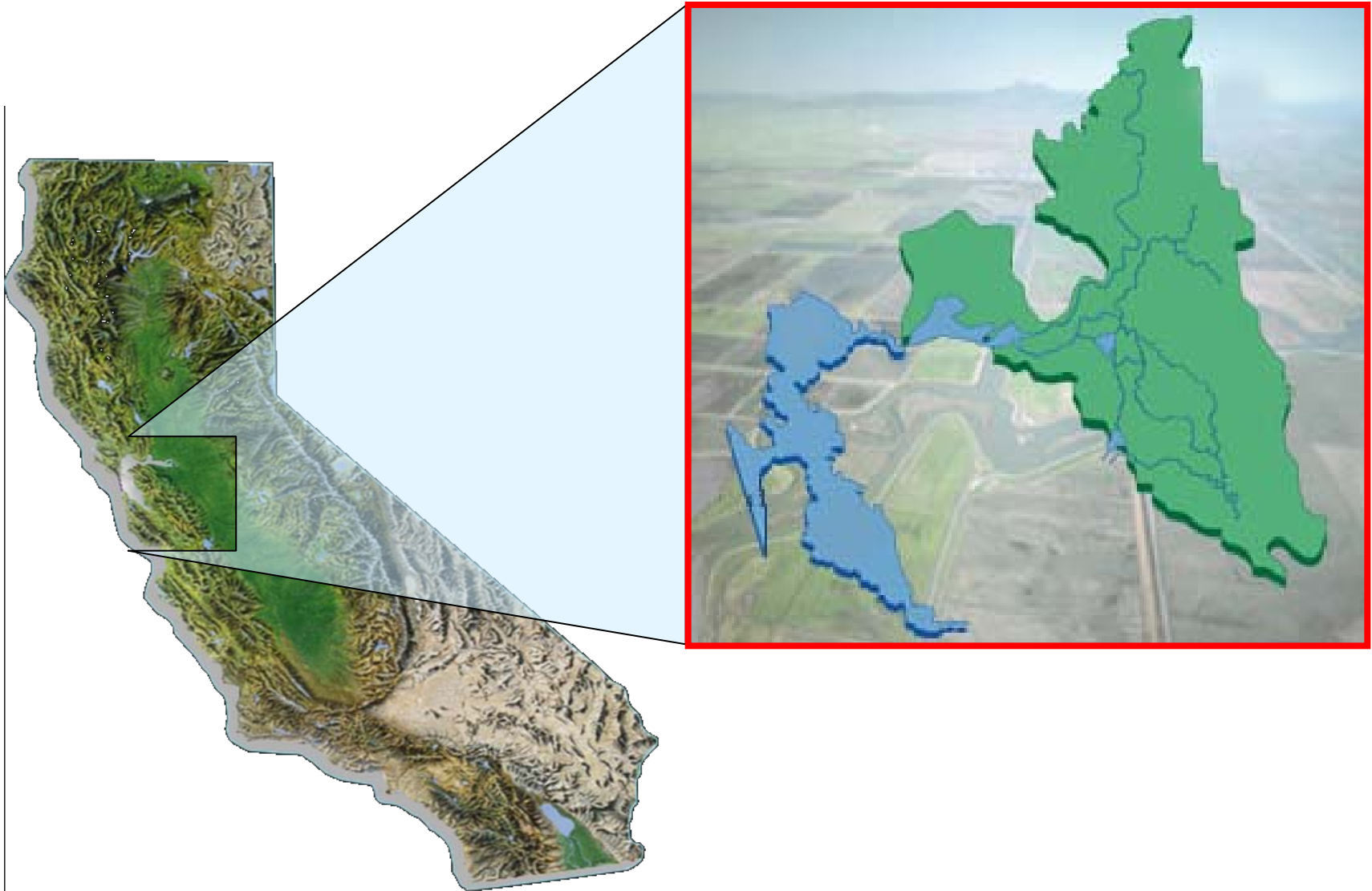
Judge Wanger's Courtroom

Late 20th Century



21st Century: Co-equal Goals

The Delta: Vital to Economy, Environment



Implementation of 2009 Package Moving Ahead on Key Fronts

- Delta Stewardship Council's Delta Plan
- Bay Delta Conservation Plan
- Financing Our Water Future



Delta Stewardship Council's Delta Plan

- Two-year process to develop plan to achieve the coequal goals
- Seven drafts to date; final draft accepted by DSC on Sept. 13
- Ag-Urban Coalition formed to respond to process
- Extensive comments submitted
- Alternate Delta Plan developed and submitted; analyzed in draft EIR



The Delta Plan Calls for a Comprehensive Solution



Local Resource Investment



Delta Conveyance Solutions



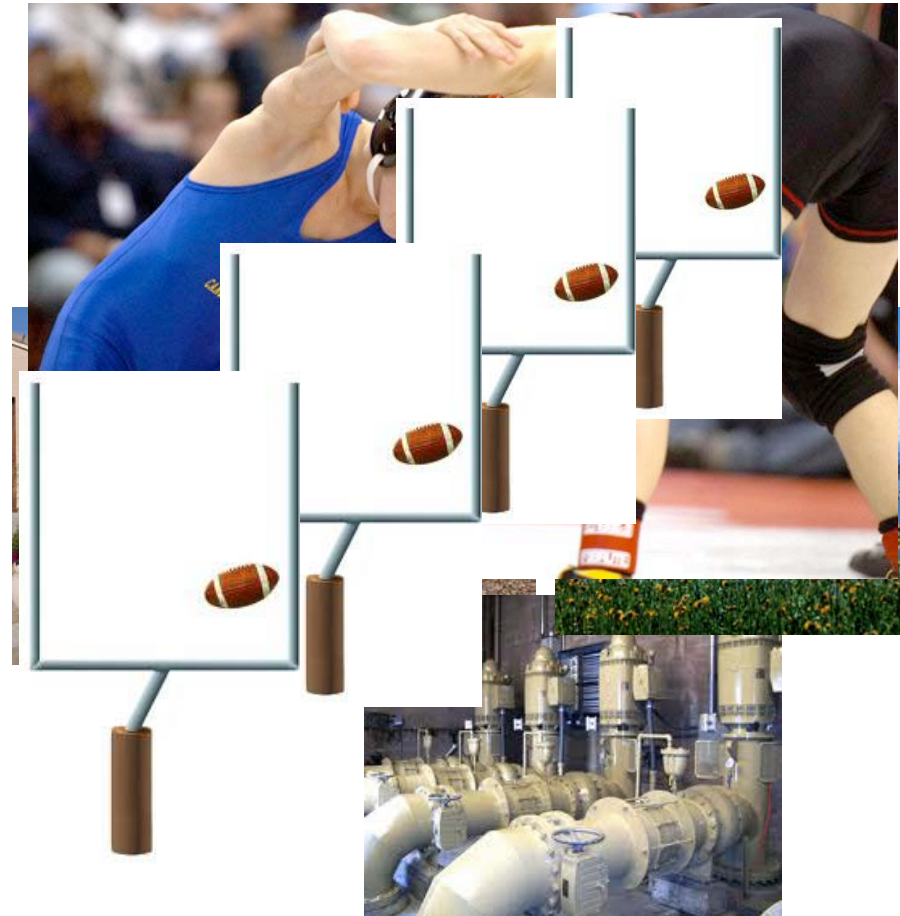
Comprehensive Ecosystem
Management



Additional Storage

Wrestling with “Reduced Reliance”

- “Reduced reliance” on the Delta key to 2009 legislation
- We have made enormous progress on local resources
 - \$6 billion invested
 - Yield exceeds 2 MAF
 - 4+ MAF new storage capacity
- But the political goal post keeps moving

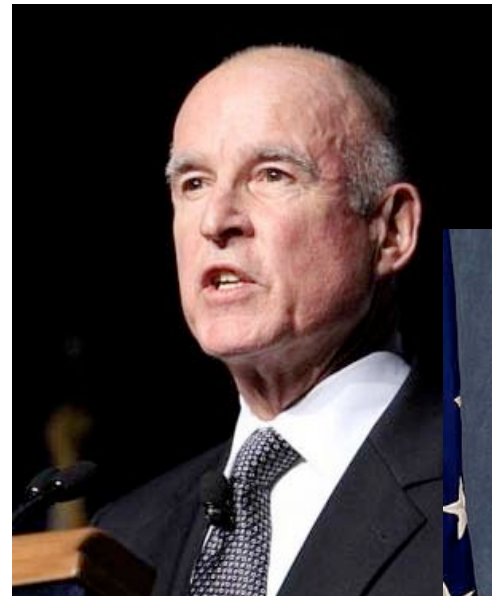
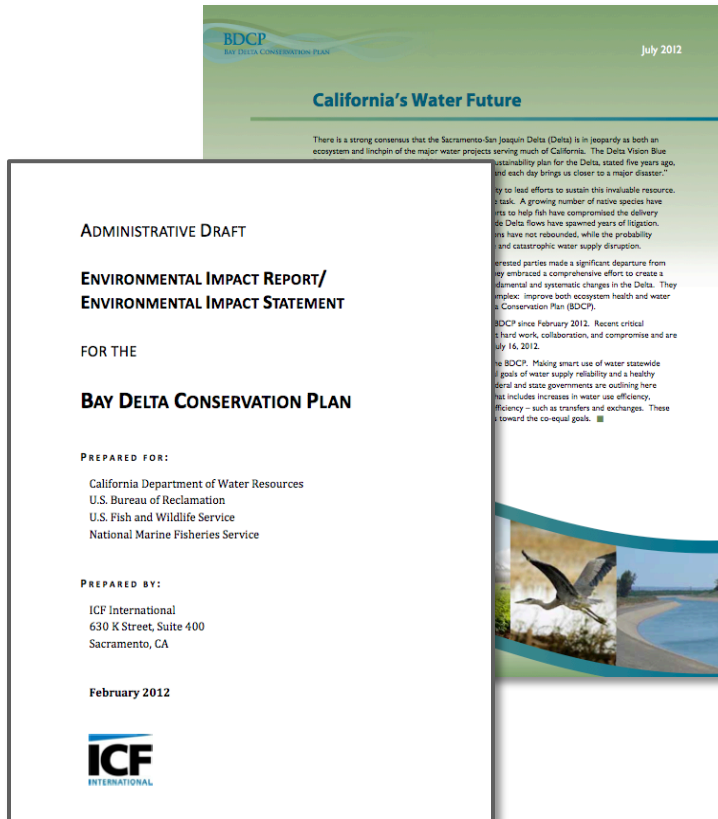


Winning the Wrestling Match?

- Reduced Reliance Means:
 - ☑ You have an Urban WMP / Ag WMP consistent with existing law
 - ☑ You are implementing your plan
 - ☑ You provide estimates of reduced water use from the Delta
 - ☑ Everyone who relies on the Delta must check the boxes



Bay Delta Conservation Plan



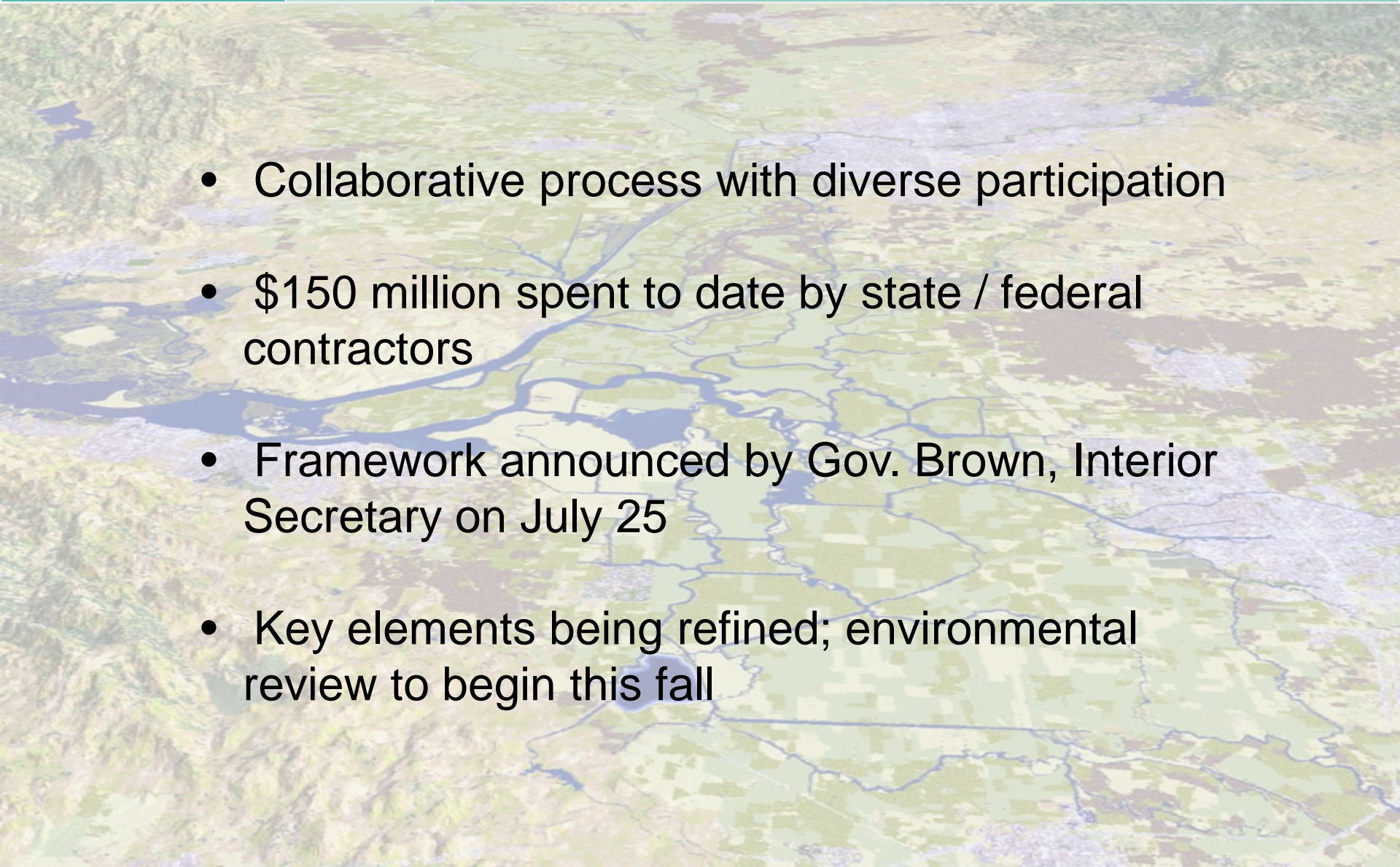
Bay Delta Conservation Plan

Conveyance: The Third Rail of California Water Politics



Save the Delta
STOP THE CANAL

Bay Delta Conservation Plan

- 
- Collaborative process with diverse participation
 - \$150 million spent to date by state / federal contractors
 - Framework announced by Gov. Brown, Interior Secretary on July 25
 - Key elements being refined; environmental review to begin this fall

Bay Delta Conservation Plan

- Habitat Conservation Plan / Natural Communities Conservation Plan (HCP/NCCP)
- Embraces concept of coequal goals
 - Long-term regulatory assurances
 - Ecosystem recovery
 - Multi species / comprehensive tools

Economic Assurance



Commitment to Recovery

Bay Delta Conservation Plan

Conservation Plan Elements

“Conveyance” improvements

- ✓ 9,000 cfs facility, 3 intakes
- ✓ Dual operations
- ✓ Tunnel options appear promising
- ✓ “Decision Tree” operations
- ✓ Cost: \$14 billion, paid by water users



Bay Delta Conservation Plan

Conservation Plan Elements

Aquatic habitat restoration

- ✓ 100,000 acres over 50 years
- ✓ 30,000 acres accelerated in first 15 years
- ✓ Cost: \$3 billion paid by the public



Bay Delta Conservation Plan

Conservation Plan Elements

Other stressors

- ✓ Pollutants
- ✓ Fishery management
- ✓ Predation control
- ✓ Fish passage
- ✓ Other water quality issues
(dissolved oxygen,
temperature)



BDCP Timeline

November 2012: Public Draft BDCP and Draft EIR/EIS

May-June 2013: Final BDCP and Final EIR/EIS

Financing California's Water Future

How Are We Going to Pay for All of This?



Coequal Goals Require a Whole New Approach

Intake Facilities: Then and Now



City of Sacramento Intake
2005, \$33M
Capacity=160 MGD



City of Sacramento Intake
Intake Prior to 2005
Capacity=160 MGD

Coequal Goals Are Really Expensive

Coequal Goals Are Really Expensive



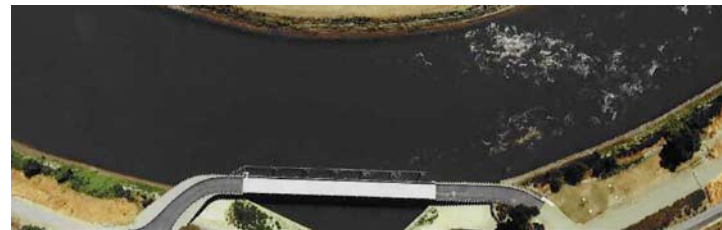
EBMUD Freeport Intake
Cost: \$120 million



GCID Intake
Cost: \$75 million



RD108
Cost: \$38 million



Coequal Goals Are Really Expensive

Local and Regional Infrastructure



Desalination



Recycling

Coequal Goals Require a Much Broader Mix of Services

If you want to build this



You have to invest in this



21st century water policy will produce
water supply and public benefits

Matching Policy With Finance

- We have changed policy direction, but not our finance strategy.
- A policy of coequal goals requires large sums of public finance.



Brown Administration Demonstrates Commitment to Package



Natural Resources Secretary
John Laird

“We have a path forward through the dual goals established by the 2009 legislative package.

“The water bond is part of that total package.”

Major Expenditure Categories for the Water Bond

$$\$11 = 4 + 4 + 3$$

- \$4 billion: habitat and watersheds
- \$4 billion: Local Resource development
- \$3 billion for storage for co-equal goals and other public benefits

2014

These “Public” Investments will Leverage
Another \$20-\$30 Billion in “Private Capital”

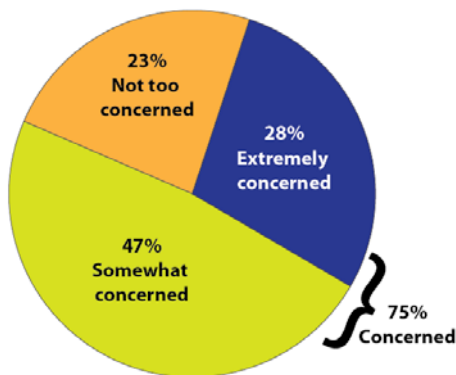


What Have We Learned?

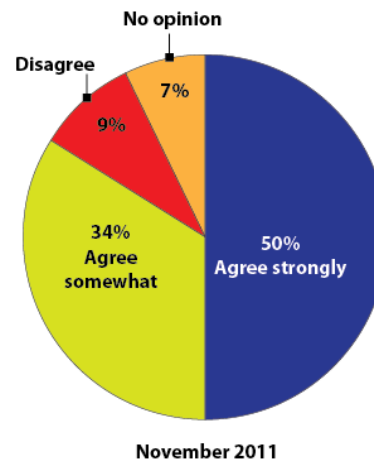
Concern About Long-Term Water Supply Remains High

ACWA-Field Poll, Nov. 2011

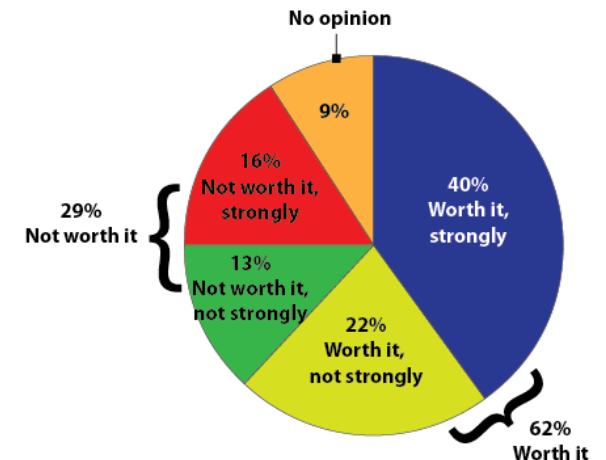
75% of Voters Concerned



84% of Voters Recognize Need to Invest



62% of Voters Believe Investing Billions “is worth it”

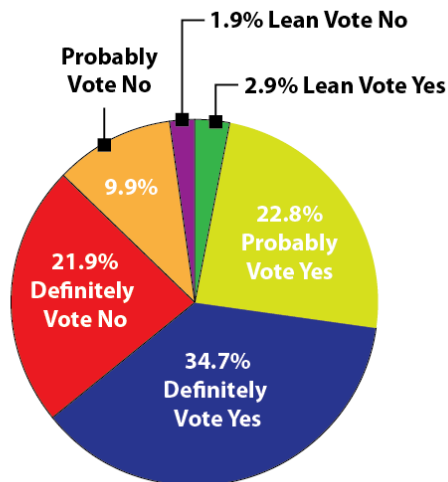


What Have We Learned?

Consistent Conceptual Support for Water Project Financing.

Southern California Water Committee Response to Ballot Label

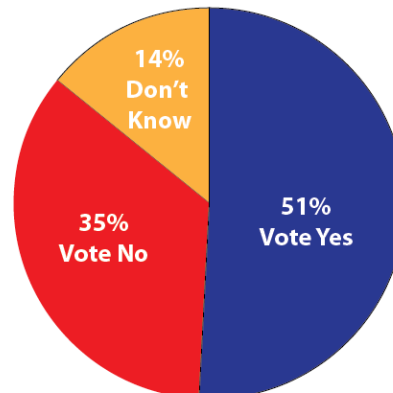
60% Support



PPIC

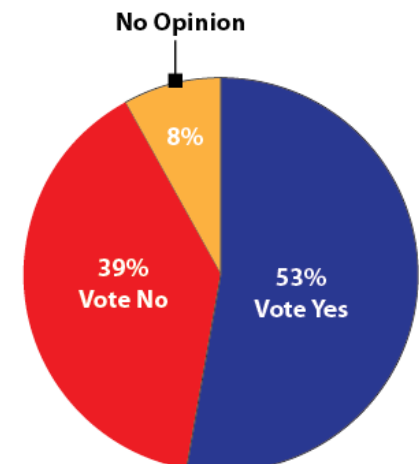
Conceptual Bond Language

51% Support



California Alliance for Jobs Response to Ballot Label

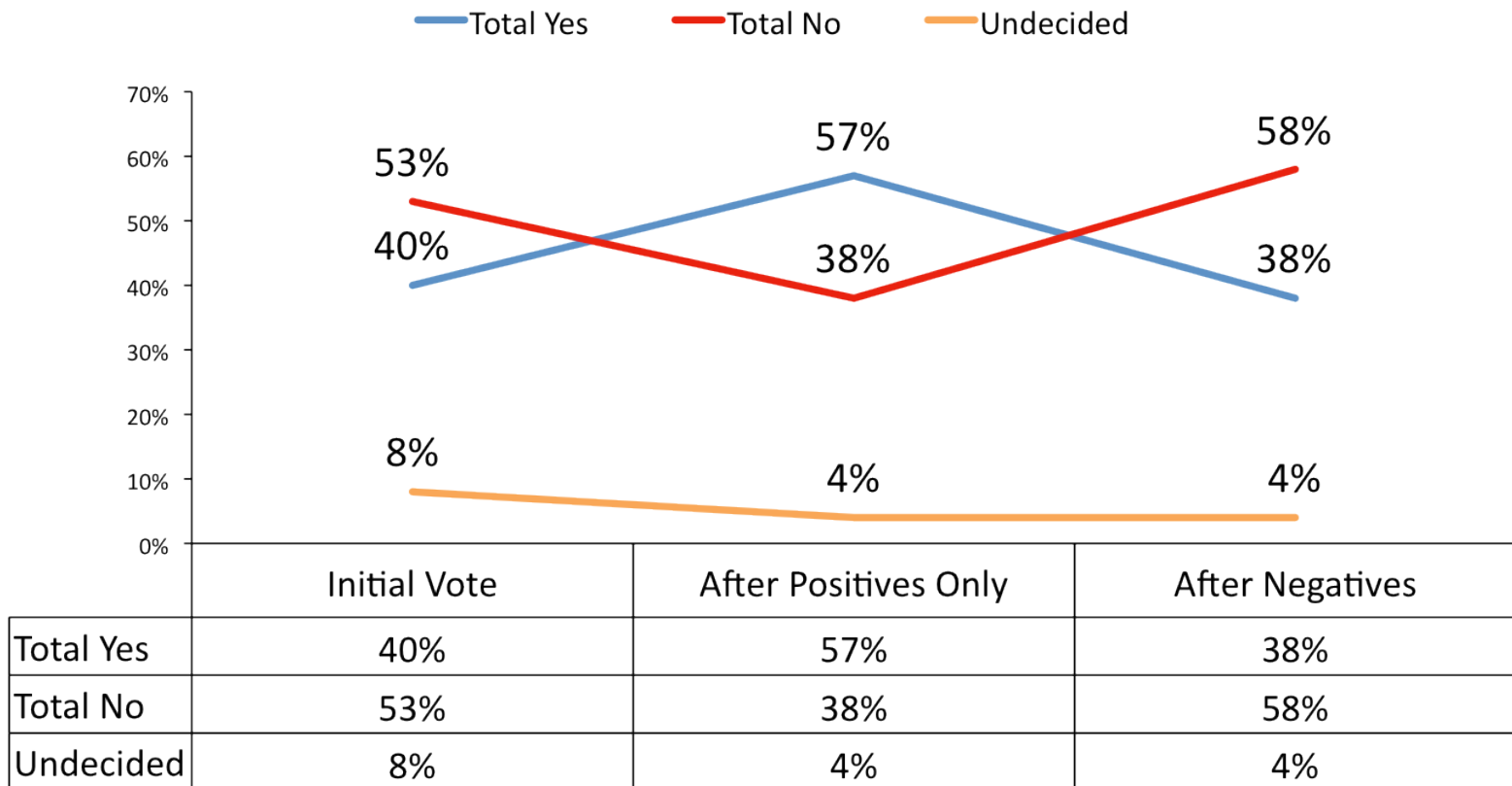
53% Support



What Have We Learned?

FM3: Currently, arguments against are more compelling than arguments for.

Combined Water Bond Vote



We are vulnerable to opposition.

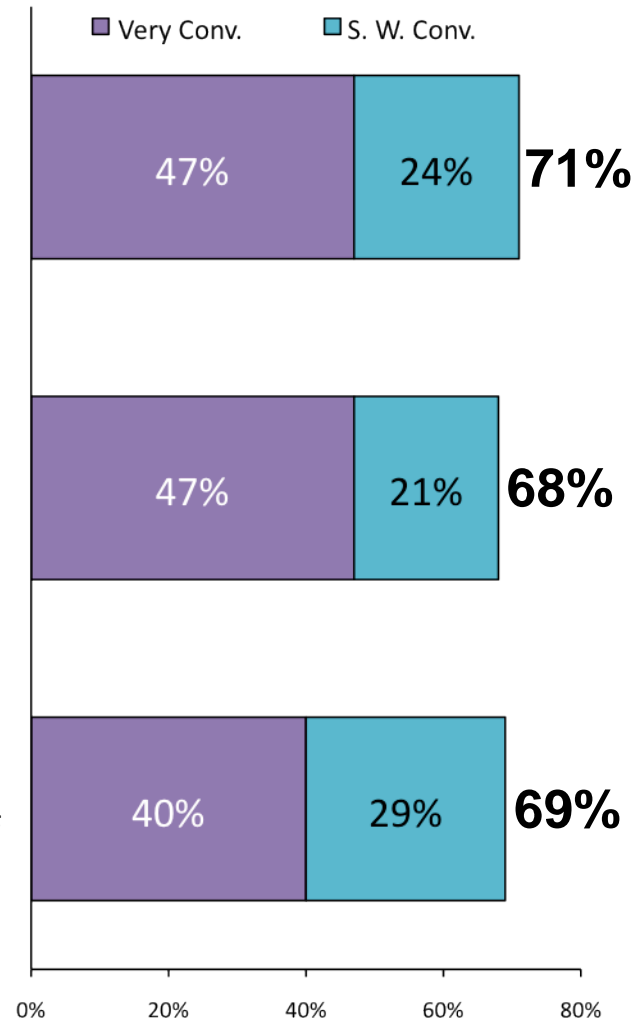
What Have We Learned

FM3: The Strongest Opposition Messages Rely on Mistrust of Government

(WASTE) We cannot trust state government with the money this measure would raise. A small, unelected seven-member board would have authority to spend billions of dollars from the bond, and state politicians will inevitably end up wasting, mismanaging, and diverting the money.

(HIGH SPEED RAIL) We just cannot trust state government with a new multi-billion dollar construction project. Over the past two years state government has wasted and squandered billions of dollars preparing an unnecessary high-speed rail project will cost us billions more than originally promised.

(DEBT) This would be one of the most expensive bond measures in the state's history and could cost taxpayers as much as **(Half Sample: \$22 billion) (Half Sample: \$15 billion)** with interest payments – on top of \$200 billion in existing state debt. More borrowing will force more cuts in education, health care, and public safety.



Mistrust of government will continue to be a threat.

Some Important Conclusions



- Californians are willing to pay for improvements in their water system.
- They are not indifferent to the method of payment.
- The 2012 Water Bond was at risk.

Board Guidance in March



- Move the Water Bond to 2014
- Maintain broad coalition support
- “Clean” delay – no substantive changes
- 2/3 vote to maintain bipartisanship

ACWA California Water Finance Task Force



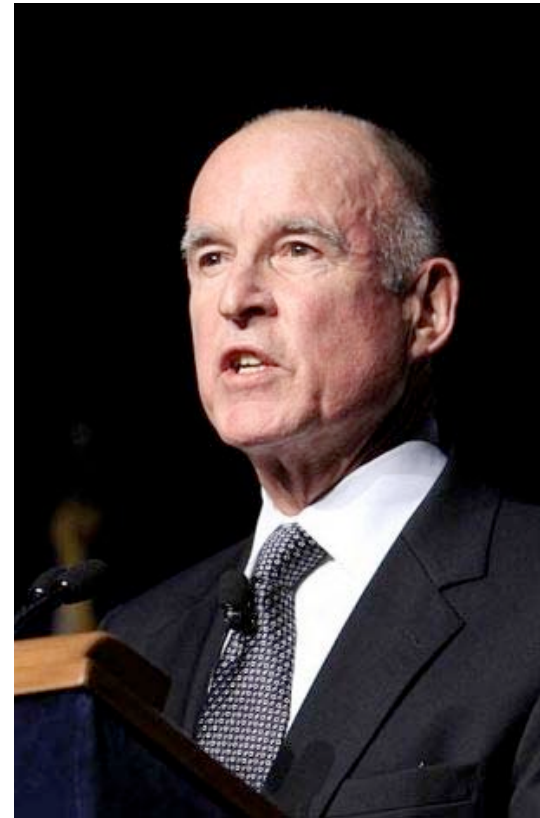
Chair



Vice-Chair

- Finance task force will
 - Explore avenues to maximize prospects of 2014 water bond
 - Consider alternative strategies to balance financial effectiveness and political risks
 - Recommend principles and actions to move forward

The Problem Isn't Going Away



**So...Here Comes the 2013
Legislative Session**

Timothy Quinn

Executive Director

Timq@acwa.com

916.441.4545