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
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

Mid 20th Century
San Luis Reservoir Dedication

Late 20th Century
Judge Wanger's Courtroom

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

California’s Water Future

There is a growing consensus that the future of California’s water is in jeopardy as both an environmental and economic resource. "The Delta Plan is the water resource plan of the state. The State Water Resources Control Board has approved the Delta Plan as a blueprint for the future. The Delta Plan is a comprehensive plan that will help ensure that the Delta is protected and managed in a way that will support the needs of all stakeholders, including the environment."
Bay Delta Conservation Plan

Conveyance: The Third Rail of California Water Politics
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
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

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

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

Natural Resources Secretary
John Laird
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

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**

- Total Yes: 40% (Initial Vote), 57% (After Positives Only), 38% (After Negatives)
- Total No: 53% (Initial Vote), 38% (After Positives Only), 58% (After Negatives)
- Undecided: 8% (Initial Vote), 4% (After Positives Only), 4% (After Negatives)

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

- 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
Contact

Timothy Quinn
Executive Director
Timq@acwa.com
916.441.4545