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LEGISLATIVE ANALYST'S OFFICE

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## Overview of Proposition 1 Appropriations

Presented to:

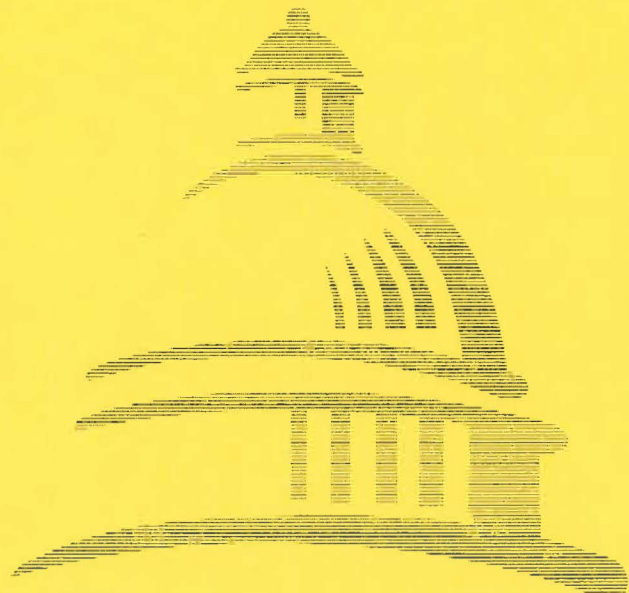
Assembly Committee on Water, Parks and Wildlife

Hon. Marc Levine, Chair

Assembly Budget Subcommittee No. 3

On Resources and Transportation

Hon. Richard Bloom, Chair





## Proposition 1 Appropriations

### Summary of Proposition 1 Bond Funds

(In Millions)

Purpose	Implementing Departments	Bond Allocation	Prior Appropriations <sup>a</sup>	2016-17 Proposed
<b>Water Storage</b>		<b>\$2,700</b>	<b>\$5</b>	<b>\$4</b>
Water storage projects	CWC <sup>b</sup>	2,700	5	4
<b>Watershed Protection and Restoration</b>		<b>\$1,496</b>	<b>\$173</b>	<b>\$605</b>
State obligations and agreements	CNRA	475	0	465
Watershed restoration--state and Delta	DFW	373	37	37
Conservancy restoration projects	Conservancies	328	98	44
Enhanced stream flows	WCB	200	39	39
Los Angeles River Restoration	Conservancies	100	—	11
Urban watersheds	CNRA	20	<1	9
<b>Groundwater Sustainability</b>		<b>\$900</b>	<b>\$844</b>	<b>\$1</b>
Groundwater cleanup projects	SWRCB	800	784	—
Groundwater sustainability plans and projects	DWR	100	60	1
<b>Regional Water Management</b>		<b>\$810</b>	<b>\$232</b>	<b>\$57</b>
Integrated Regional Water Management	DWR	510	33	55
Stormwater management	SWRCB	200	102	2
Water use efficiency	DWR	100	98	—
<b>Water Recycling and Desalination</b>		<b>\$725</b>	<b>\$342</b>	<b>\$1</b>
Water recycling	SWRCB	725	292	—
Desalination	DWR		50	1
<b>Drinking Water Quality</b>		<b>\$520</b>	<b>\$469</b>	<b>\$5</b>
Drinking water for disadvantaged communities	SWRCB	260	244	2
Wastewater treatment in small communities	SWRCB	260	225	2
<b>Flood Protection</b>		<b>\$395</b>	<b>—</b>	<b>—</b>
Delta flood protection	DWR and CVFPB	295	—	—
Statewide flood protection	DWR and CVFPB	100	—	—
<b>Administration and oversight</b>		<b>—</b>	<b>\$1</b>	<b>\$1</b>
Administration <sup>c</sup>	DWR and CNRA	—	1	1
<b>Totals</b>		<b>\$7,546</b>	<b>\$2,066</b>	<b>\$673</b>

<sup>a</sup> Includes \$267 million from Chapter 1, Statutes of 2015 (AB 91, Committee on Budget) and \$1.8 billion from the 2015-16 Budget Act.

<sup>b</sup> With staff support from DWR.

<sup>c</sup> Bond does not provide a specific allocation for bond administration and oversight, but allows a portion of other allocations to be used for this purpose.

CWC = California Water Commission; CNRA = California Natural Resources Agency; DFW = Department of Fish and Wildlife; WCB = Wildlife Conservation Board; DWR = Department of Water Resources; SWRCB = State Water Resources Control Board; and CVFPB = Central Valley Flood Protection Board.



## **Proposition 1 Appropriations**

***(Continued)***



### **Proposition 1 Provides \$7.5 Billion for Various Activities**

- \$2.7 billion for water storage projects is continuously appropriated to the California Water Commission.
- Legislature appropriated a combined total of \$2.1 billion in 2014-15 and 2015-16.



### **\$2.8 Billion From Proposition 1 Remains to Be Appropriated by Legislature**

- In 2015-16, Legislature approved a multiyear expenditure plan for most remaining funding, representing \$1.8 billion in yet-to-be appropriated funds.
- \$1 billion for three large categories of activities remains:
  - Statewide obligations and agreements (\$475 million).
  - Flood protection (\$395 million).
  - Los Angeles River restoration (\$100 million).





## Governor's 2016-17 Proposals

<b>Governor's New Proposition 1 Proposals</b>	
<i>2016-17 (Dollars in Millions)</i>	
<b>Activity</b>	<b>Amount</b>
<b>Statewide Obligations and Agreements</b>	<b>\$464.9</b>
Klamath River Hydroelectric Settlement	250.0
Central Valley Project Improvement Act	89.9
Salton Sea Restoration Act	80.0
San Joaquin River Restoration Agreement	45.0
<b>Los Angeles River Restoration</b>	<b>11.1</b>
Santa Monica Mountains Conservancy	11.1
<b>Total</b>	<b>\$476.0</b>



### **Largest 2016-17 Proposal Is to Address Statewide Commitments**

- Provides \$465 million for four commitments.



### **Includes Initial Allocation for Los Angeles River Restoration**

- Provides \$11 million for Santa Monica Mountains Conservancy.



### **Also Includes Continued Funding for Activities Already Underway**

- Provides nearly \$200 million for activities initiated in 2015-16 (not shown in figure).



## Legislative Considerations for 2016-17 Proposals

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### Do Governor's Proposals Reflect Legislative Priorities?

- Bond left broad discretion for how to allocate funding amongst various statewide commitments.
- Two conservancies are involved in Los Angeles River restoration efforts.



### Considerations for Allocating Funding Among Statewide Commitments

- **Urgency.** How pressing are the funding needs for each commitment? What are the potential repercussions of not funding a particular commitment?
- **Costs and Funding Alternatives.** What are the total costs for meeting each commitment? What implications would providing a greater or lower amount of funding have for each commitment? What other funding sources are available to support each commitment?
- **Uncertainties.** Are there key unknowns that might affect the circumstances or potential outcomes of the proposed activities?



## Key Questions for Proposition 1 Oversight

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- ☒ What is the status of recently appropriated funds? What progress have departments made in developing grant criteria and awarding funds?
- ☒ What challenges have departments encountered in their implementation of bond-funded initiatives? Do any of these require legislative action to address?
- ☒ Are departments selecting projects that reflect the intent of Proposition 1 (for example projects that meet critical statewide needs, reflect the best available science and innovative technologies, and prioritize disadvantaged communities)?
- ☒ How are departments integrating and coordinating Proposition 1 funds with other state funding sources (such as funding from previous bonds)?
- ☒ Does the Legislature have access to the information it needs to effectively oversee bond implementation? How does the administration plan to measure and evaluate outcomes of Proposition 1-funded projects? How will this information be shared and reported?
- ☒ What is the administration's timeline for implementing the various categories of Proposition 1-funded projects? Is this timeline reasonable?
- ☒ What authority does the Legislature have over funding that remains to be appropriated?