

ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE

**Wednesday, October 30, 2013, 2-4 p.m.
Indio City Hall Council Chambers
100 Civic Center Mall, Indio, California**

INFORMATIONAL HEARING SERIES: THE NEED FOR A 2014 WATER BOND: LOCAL PERSPECTIVES

BACKGROUND

The purpose of this hearing series is to explore the need for a general obligation bond in 2014 to help fund water-related projects and programs and to hear local perspectives on the potential public benefits to communities throughout the state from such a water bond. A "hydrologic region" is the most basic planning unit that the California Department of Water Resources (DWR) uses in the California Water Plan. There are ten hydrologic regions in the State and the map for each one matches the contours of a major watershed, which is an area of land where all of the water that falls on it or flows under it drains to a common set of locations. These areas where water aggregates can be visible, such as streams and rivers, or hidden underground. But both surface waters and groundwater are intrinsically connected. In addition to diverting surface flow or pumping groundwater, many areas of California diversify their available water supplies by increasing water efficiency (conservation), recycling wastewater, importing water from other watersheds via canals or tunnels, desalinating brackish water or sea water, or by implementing several or all of these strategies.

Today's hearing will focus on the Colorado River Hydrologic Region, which includes the Salton Sea and other unique features and may, depending on the subarea, rely heavily on groundwater or water imported from the Colorado River via the All American Canal.

Short History of the 2009 Water Bond

In 2009, former Governor Schwarzenegger convened the Legislature in extraordinary session to take up issues related to protecting and restoring the Delta ecosystem and improving water reliability and management, including addressing water conveyance, storage, conservation and groundwater, and considering a general obligation bond. Subsequently, a historic five-bill package of water legislation was passed and signed, including SB 2 (Cogdill), Chapter 3, Statutes of the 2009-10 Seventh Extraordinary Session (SBX7 2).

SBX7 2 called for a bond to be placed on the November 2010 ballot that, if approved by the voters, would authorize the issuance of \$11.14 billion in general obligation bonds for a wide range of water projects and programs including water conservation and efficiency, groundwater protection and cleanup, integrated regional water management, ecosystem and watershed protection and restoration, water recycling, and water storage (Water Bond).

Delay and Anomaly

However, in 2010 and again in 2012, supporters of the Water Bond recognized that a sluggish economy coupled with the state's need to focus on its dire budget shortfall meant that delaying the bond vote could increase its chances of success. AB 1265 (Caballero) moved the Water Bond to the 2012 general election and deleted a provision allowing for-profit entities to be members of joint powers authorities for bond-funded surface water storage projects. AB 1422 (Perea) moved the Water Bond to the November 4, 2014 statewide general election but otherwise left the text unchanged. While changing the text of an initiative measure requires a 2/3rds vote of each house, changing the date of an election can be done with only a majority vote. As a result, the Water Bond currently on the ballot is still titled the "Safe, Clean, and Reliable Drinking Water Supply Act of 2012."

Efforts to Reduce and Refocus the Bond

Both houses of the Legislature have engaged in substantial efforts to reanalyze and right-size a bond so that voters can be confident that it addresses California's most pressing water infrastructure and program needs and is accountable.

In the Assembly, Speaker John A. Pérez convened a Water Bond Working Group comprised of members with diverse regional and statewide perspectives and chaired by Assemblymember Anthony Rendon. With a historic level of new members in the Assembly and a high degree of interest in the bond, the Working Group members conducted an extensive series of workshops and meetings among themselves and with their Assembly peers covering the background and composition of the current Water Bond, shifts in priorities that have occurred since it was passed in 2009, and the need to reduce its size and increase its accountability.

The 2013 Assembly Water Bond Working Group process included:

- 5 public hearings (3 in the Assembly; 2 in the Senate)
- 6 legislator briefings on water policy and funding
- Establishment of *Principles* that set priorities and emphasized accountability to the voters
- 3 rounds of public comments, and
- Publishing the *Water Bond Framework* & posting summaries of public comments on the Water, Parks & Wildlife Committee website at <http://awpw.assembly.ca.gov/waterbond>

Those efforts resulted in a public hearing in July of 2013 to present and receive comment on a set of Water Bond "principles" and another public hearing in August of 2013 to present and receive comment on a more specific "framework" for a revised water bond language.

Following the Working Group process, AB 1331, an Assembly Water, Parks and Wildlife Committee bill awaiting hearing in the Senate Natural Resources and Water Committee

(SNRW), was amended on August 26, 2013 into the *Climate Change Response for Clean and Safe Drinking Water Act of 2014*. AB 1331 repeals the existing bond and places a \$6.5 billion bond on the November 4, 2014 ballot that is better tailored to current water management challenges. AB 1331 was further refined on September 11, 2013.¹

Specifically, the \$6.5 Billion Assembly Water Bond proposal includes:

- \$1 Billion for maintaining and improving Drinking Water Quality
- \$1.5 Billion for protecting Rivers & Watersheds
- \$1.5 Billion to fund integrated regional water management that will improve water delivery and help regions reduce the impact of climate change on water supply.
- \$1 Billion to protecting The California Delta that is critical to the state water supply system and a key ecological resource.
- \$1.5 Billion for Water Storage projects that will also reduce the impact of climate change on clean, reliable and affordable water supply.²

Meanwhile, the Senate has also actively sought to educate members of the Legislature and the public on a need to refocus and reduce the Water Bond by holding a series of four informational hearings during 2013.³ The Senate has two current bond measures, SB 40 (Pavley) and SB 42 (Wolk). Like AB 1331, both are also awaiting hearing in SNRW. SB 40, the *Safe, Clean, and Reliable Drinking Water Supply Act of 2014*, changes and updates the name of the current bond act and calls for reducing and potentially refocusing it. SB 42, the *Safe Drinking Water, Water Quality, and Flood Protection Act of 2014*, would repeal the existing bond and place an entirely new \$6.475 billion measure on the November 2014 ballot.

Colorado River Hydrologic Region

The Colorado River Hydrologic Region is bounded on much of the eastern side by the Colorado River and on the south by the border with Mexico. The region includes Imperial County and portions of Riverside, San Bernardino, and San Diego counties. (See map following page.)

¹ Specific bills, including AB 1331, SB 40, and SB 42, may be reviewed and tracked through the California Legislative Information web site maintained by the Office of Legislative Counsel at: <http://leginfo.legislature.ca.gov/>.

² Information on the Assembly water bond process, including links to comment letters on the Assembly Working Group Framework, can be found at: <http://awpw.assembly.ca.gov/waterbond> .

³ Information on the Senate Water Bond Oversight Hearings can be found at: <http://sntr.senate.ca.gov/informationaloversighthearings> .

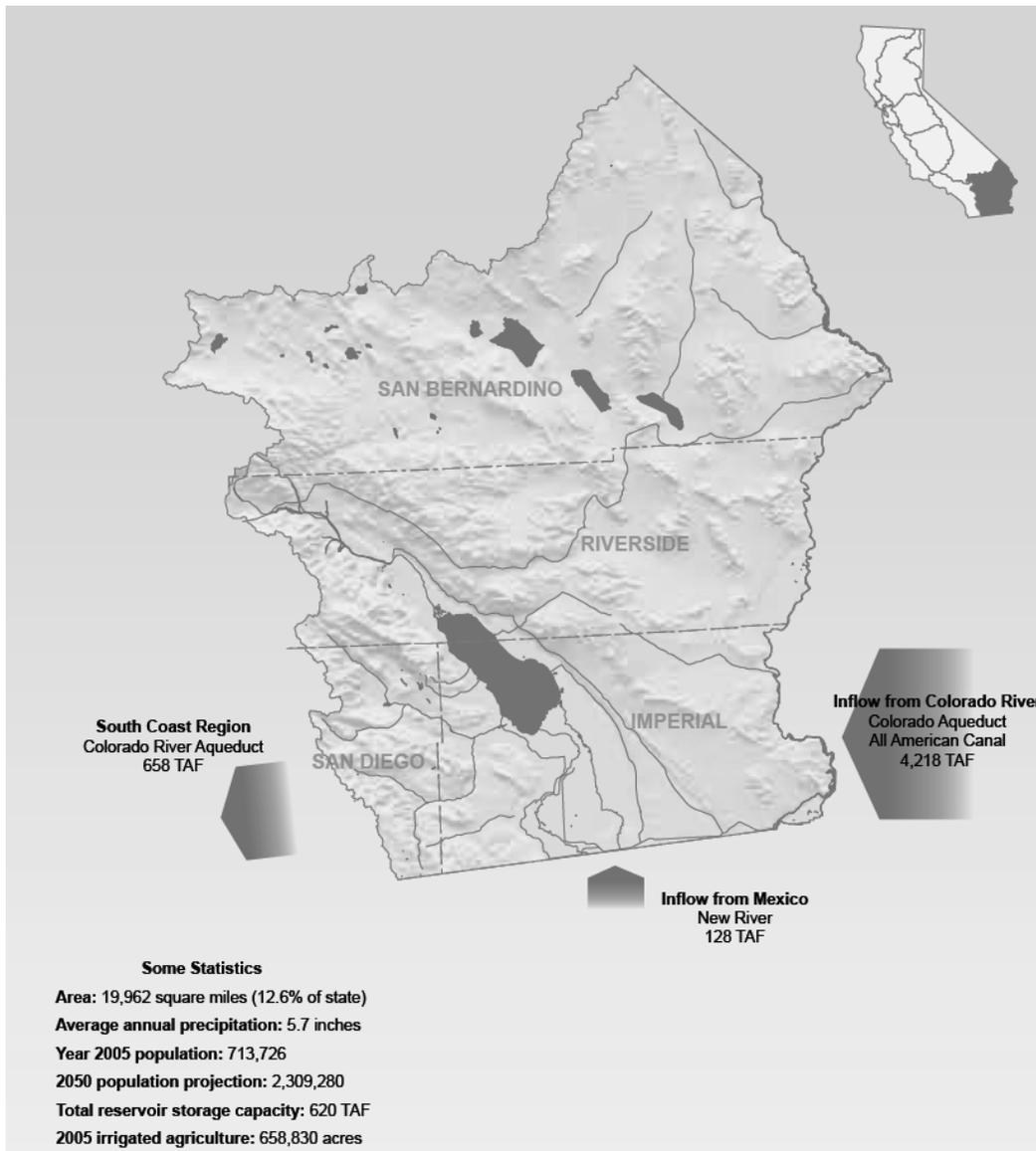


IMAGE COURTESY OF THE DEPARTMENT OF WATER RESOURCES' CALIFORNIA WATER PLAN 2009 (BULLETIN 160)

The Salton Sea

The Salton Sea, California's largest lake, is a major feature of the Colorado River Hydrologic Region. The Salton Sea is located in a low-lying trough or desert sink, much of which is below sea level, in Riverside and Imperial Counties. From prehistoric times through the 1800s, the sea bed has periodically filled and receded numerous times. The present Salton Sea however was created more than 100 years ago by a levee break in the Colorado River. Since that time the loss of over 95% of California's natural historic wetlands has made the Salton Sea an oasis for over 400 species of birds, including hundreds of thousands of birds that stopover when migrating along the Pacific Flyway. But with no natural inflow, the Salton Sea has become progressively

more salty as it evaporates and relies on agricultural tailwater and urban treated and untreated wastewater flows from the Imperial and Coachella valleys and Mexico. It is generally recognized that without restoration efforts the ecosystem of the Salton Sea will collapse over the next decade or two with social, economic, and environmental implications from its decline, including potential respiratory and agricultural impacts when exposed land (playa) produces a fine dust containing concentrated amounts of natural and agricultural pollutants. This potential evolution of the sea into a smaller and saltier body with vast stretches of exposed playa could also be exacerbated by the 2003 Quantification Settlement Agreement (QSA).

Under the historic Colorado River Compact of 1922, water was divided among the seven Colorado River basin states with California allotted a basic apportionment of 4.4 million acre-feet (MAF) plus half of any surplus flows. However, it had long consumed around 5.2 MAF annually. In 2003, the Federal government informed California that it would need to finalize a plan to reduce its reliance on Colorado River water or continue to risk being denied access to further "surplus" supplies. As part of the "4.4 Plan," the Imperial Irrigation District (IID), Coachella Valley Water District (CVWD), the Metropolitan Water District of Southern California (MWD), and the San Diego County Water Authority (SDCWA) entered into the QSA, as well as related agreements with the State of California, representatives of the United States, and other water districts and entities. The QSA memorialized intra-California rights to Colorado River flows and instituted a series of transfers, among other actions, including a pivotal agreement by IID to transfer conserved water to MWD and SDCWA. However, the IID transfer could also significantly reduce the amount of water flowing into the Salton Sea by 2017, if not sooner. In response, local entities are working with the state and other partners on creative ways to restore replacement wetland habitat, control dust, and stimulate the local economy. Leading those efforts is the Salton Sea Authority, a Joint Powers Agency comprised of the CVWD, Imperial County, IID, Riverside County and the Torres Martinez Desert Cahuilla Indians.

The State's legal obligation towards the Salton Sea arises in part from its role in the QSA, but also through historic agreements regarding allocation from the Colorado River and laws requiring air and water quality protection, wetlands preservation, and endangered species. The California State Natural Resources Agency reported in its 2009 Environmental Impact Report that even taking no action toward the Salton Sea would cost the state over \$1 billion. According to a report by the Pacific Institute, failure to restore the Salton Sea could result in exorbitant costs to human and ecological health, and possibly to agricultural production. The state would also incur increased liability and litigation costs. Thus, the appropriate question is arguably not whether to restore the Salton Sea, but how and to what extent, and how to fund such restoration.

With the strong support of Assemblymember V. Manuel Pérez and others, the Assembly Water Bond proposal, AB 1331, was amended to allocate \$500 million of the \$1.5 billion designated for "Protecting Rivers, Lakes, Streams, and Watersheds" to help fulfill the State's existing obligations to the Salton Sea, the Klamath Basin Restoration Agreement, the San Joaquin River Restoration Settlement, and Central Valley Refuges.

Integrated Regional Water Management

Integrated Regional Water Management Planning (IRWMP) is a process by which multiple agencies within a region work collaboratively to better the region's water quality and supply in an inclusive way. The last bond for various water-related purposes, Proposition 84, the *Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act*, which was passed by California voters in November 2006, designated \$1 billion for IRWMP efforts, including \$36 million for the Colorado River Region. The Assembly Water Bond proposal, AB 1331, designates \$1.5 billion for *Climate Change Preparedness for Regional Water Security*, including for projects in an adopted IRWMP. AB 1331 divides \$1 billion of those funds by hydrologic region, with \$47 million for the Colorado River Basin. There are three groups in the Colorado River Hydrologic Region that previously qualified to apply for IRWMP funds: the Imperial Region Water Management Group; the Coachella Valley Regional Water Management Group; and the Anza Borrego Desert Region Water Management Group (formerly the Borrego Valley Regional Water Management Group).

The Imperial Regional Water Management Group consists of the IID, Imperial County, and seven cities in this Region. Of the RWMG members, Imperial Irrigation District and Imperial County have statutory authority over water management. The Imperial Water Forum states that the goal of the IRWMP is to preserve and enhance the economic and environmental health and well-being for the Imperial Region through the regional stewardship and comprehensive management of water resources in a practical, cost effective and responsible manner.

The Coachella Valley Regional Water Management Group is a partnership composed of the five Coachella Valley water purveyors: Coachella Water Authority; CVWD; Desert Water Agency; Indio Water Authority; and, Mission Springs Water District. The stated goal of the Coachella Valley IRWMP is to coordinate, refine, and integrate existing water resources planning efforts within a comprehensive, regional context; to identify specific regional and watershed-based priorities for implementation projects; and, to generate funding support for the plans, programs, projects, and priorities of existing agencies and stakeholders.

The Anza Borrego Desert IRWMP area is unique. Its Management Group includes the County of San Diego, the Resource Conservation District of Greater San Diego County, and the Borrego Water District, who all came together as a mechanism for back country communities to apply for State grant funding. Over 70% of the area is comprised of the Anza-Borrego Desert State Park, which is a National Natural Landmark and United Nations Biosphere Reserve. It is also one of the largest areas of open wilderness in California with many sensitive plant and animal species, California Historic Landmarks, cultural resource sites, and alluvial valleys that allow runoff to infiltrate to regional groundwater basins. That groundwater, which is the sole source of water supply, is in a state of overdraft and potentially faces substantial water quality issues that could adversely impact the State Park's mission to preserve and to conserve the desert ecosystems. With almost 100% of the Region qualifying as a disadvantaged community, there are also concerns about the affordability (pumping and treatment costs) and quality of groundwater supplies.