

February 2, 2016

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

LAO
75
YEARS OF
SERVICE

Overview of Proposition 1 Appropriations

Presented to:

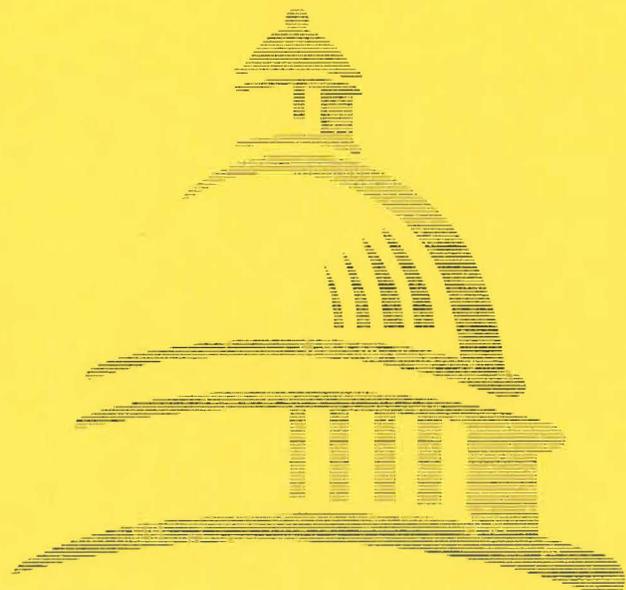
Assembly Committee on Water, Parks and Wildlife

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 ^a	2016-17 Proposed
Water Storage		\$2,700	\$5	\$4
Water storage projects	CWC ^b	2,700	5	4
Watershed Protection and Restoration		\$1,496	\$173	\$605
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
Groundwater Sustainability		\$900	\$844	\$1
Groundwater cleanup projects	SWRCB	800	784	—
Groundwater sustainability plans and projects	DWR	100	60	1
Regional Water Management		\$810	\$232	\$57
Integrated Regional Water Management	DWR	510	33	55
Stormwater management	SWRCB	200	102	2
Water use efficiency	DWR	100	98	—
Water Recycling and Desalination		\$725	\$342	\$1
Water recycling	SWRCB	725	292	—
Desalination	DWR	—	50	1
Drinking Water Quality		\$520	\$469	\$5
Drinking water for disadvantaged communities	SWRCB	260	244	2
Wastewater treatment in small communities	SWRCB	260	225	2
Flood Protection		\$395	—	—
Delta flood protection	DWR and CVFPB	295	—	—
Statewide flood protection	DWR and CVFPB	100	—	—
Administration and oversight		—	\$1	\$1
Administration ^c	DWR and CNRA	—	1	1
Totals		\$7,546	\$2,066	\$673

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

^b With staff support from DWR.

^c 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

Governor's New Proposition 1 Proposals	
<i>2016-17 (Dollars in Millions)</i>	
Activity	Amount
Statewide Obligations and Agreements	\$464.9
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
Los Angeles River Restoration	11.1
Santa Monica Mountains Conservancy	11.1
Total	\$476.0



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



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

- 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?