



Santa Clara Valley Water District

File No.: 18-0901

Agenda Date: 10/9/2018

Item No.: *7.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Recommended Position on State Legislation: Proposition 3 the Water Supply and Water Quality Act of 2018.

RECOMMENDATION:

Adopt a position of "Support" on: Proposition 3 the Water Supply and Water Quality Act of 2018.

SUMMARY:

Proposition 3 the Water Supply and Water Quality Act of 2018.

Position Recommendation: Support

Priority: 2

Proposition 3 would authorize \$8.9 billion in general obligation bonds for various water-related programs and projects which is on the November ballot for voter approval.

Below is a summary of the major programs that would be funded through the passage of the initiative:

- \$750 million - Safe drinking water and wastewater treatment for disadvantaged communities.
- \$400 million - Water recycling.
- \$400 million - Groundwater desalination.
- \$300 million - Urban water conservation.
- \$50 million - Agricultural water conservation.
- \$675 million - Groundwater.
- \$100 million - Central Valley flood management
- \$200 million - San Francisco Bay Wetlands and flood improvement.
- \$100 million - Flood Control.

- \$60 million - Data management.
- \$600 million - Storm water management.
- \$2.355 billion - Watershed Restoration
- \$100 million - Land Management for Water Yield.
- \$400 million - Central Valley Fisheries restoration.
- \$350 million - Water and specific habitat improvements for fisheries.
- \$300 million - Salmon/steelhead restoration.
- \$280 million - Waterfowl habitat
- \$250 million - Bay Area Regional Reliability.
- \$750 million - Improvement to Friant Kern Canal and other Friant water interconnections.
- \$200 million - Oroville Dam Spillway Repair.
- The initiative also allows state and federal water contractors to recover the funds they pay in climate change charges due to implementation of AB 32, and use those funds in their own systems for water and energy conservation to reduce greenhouse gas emissions. These water/energy conservation projects must meet AB32 standards for emissions mitigation.

Importance to the District

Most of the funding proposed in Proposition 3 that may provide benefit to Santa Clara County or an opportunity for funding District projects would be allocated through competitive grants, with some limited exceptions. Some of the direct benefit to the District include:

- \$200 million for Oroville Dam repairs.
- \$250 million appropriated for the Bay Area Regional Reliability Partnership (BARR) which is a collaboration of Bay Area water agencies and in which the water district is a participant.
- \$200 million for San Francisco Bay Wetlands and flood improvements to provide flood protection and mitigate sea level rise.

Other funding in Proposition 3 would require the water district to compete with other water agencies or local jurisdictions across the state for grant funding. Funding for recycled water, groundwater, flood control, water storage, wetlands, watershed improvement, land management, and wildlife conservation (including fisheries), all would be allocated through competitive grants or other state discretionary mechanisms. It is notable that nearly \$4.5 billion of the \$8.9 billion authorized by the measure, is allocated to programs which, if competitive grants were awarded, could possibly benefit the water district. (See the attached table of Proposition 3 funds that may benefit the water district.)

Such programs include:

- \$10 million for the development of a river parkway for the Guadalupe River. The water district and other local agencies, as well as nonprofit organizations, are eligible to compete for the river parkway funds.
- \$160 million for competitive grants to cities and counties for the capture and use of stormwater.
- \$100 million for a 50% matching grant program to repair or re-operate reservoirs that provide flood control, direct or indirectly, and increase the amount of water stored.

Proposition 3 includes more than 100 subcategories of funding, each with varying eligibility requirements, so there likely are other programs, such as land management or wildlife conservation for which local jurisdictions in Santa Clara County, including the District, may benefit, provided they apply and are awarded the funding.

Pros

- Indirect benefits from other investments, such as funding for Delta habitat, research, and water infrastructure.
- This measure will help prepare cities and farms for long-term drought conditions, improve the safety of dams, and reduce flood risk.

Cons

- The general obligation bond will only benefit those who are awarded funds for projects.
- Potential opposition from environmental groups.
- Increases state budget pressures for bond payments.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

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Attachment 1: Proposition 3 District Benefit Opportunities

*Attachment 2: Handout, K. Irvin

*Supplemental Memo

*Supplemental Attachment: Arguments For/Against Proposition 3

UNCLASSIFIED MANAGER:

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