A Comprehensive Water Policy: What Do We Need To Do And How Can We Pay For It?

Timothy Quinn
Executive Director

Water Plan Update 2013 Plenary
October 26, 2011
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
Elements of a Comprehensive Solution

Local Resource Investment

Delta Conveyance Solutions

Habitat and Watersheds

Additional Storage
Infrastructure Is Really Important for Co-equal Goals

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

Co-equal Goals Are Really Expensive
Co-equal Goals Are Really Expensive

EBMUD Freeport Intake
Cost: $120 million

GCID Intake
Cost: $75 million

RD108
Cost: $38 million
Co-equal Goals Are Really Expensive

Butte Creek
Cost: $40 million
Co-equal Goals Are Really Expensive

Local and Regional Infrastructure

Desalination

Recycling
Co-equal Goals Are Really Expensive

BDCP Conveyance Alternatives

Cost = $8 billion to $12 billion
Co-equal Goals Are Really Expensive

Storage Infrastructure for Fish

Shasta Dam: Temperature Control

San Luis Reservoir: Flow Control

Local Storage: Accommodating More and More Fish Protection
The Storage Paradigm is Changing

1950s Storage Strategy
• Reservoirs on North Coast Rivers
• Move water when it’s dry

Recent Storage Projects
• Storage has moved off-stream
• Closer to the end-user
• Move water when it’s wet

21st Century Storage
• Essential element of proactive strategies for co-equal goals
Co-equal Goals Blur the Lines
Connecting Projects and Beneficiaries

Then

Bold Lines Connecting Projects and Beneficiaries
Co-equal Goals Blur the Lines Connecting Projects: Beneficiaries

But We Manage Statewide Resources in Silos
Co-equal Goals Blur the Lines
Connecting Projects: Beneficiaries

- Project integration essential
- Projects operated for co-equal goals
- The bold lines are considerably faded
Facts of Life About the Co-equal Goals

- Infrastructure is more important, not less
- Co-equal infrastructure is more expensive
- Infrastructure must be more integrated
- Investments are more public, less private
- Lines between projects and beneficiaries are blurred

These Realities Challenge the Execution and Financing of 21st Century Water Solutions
Finance: “Safe, Clean, and Reliable Drinking Water Supply Act of 2012” – $11.14 Billion

AMENDED IN ASSEMBLY NOVEMBER 4, 2009
AMENDED IN SENATE NOVEMBER 2, 2009
CALIFORNIA LEGISLATURE—2009–10 SEVENTH EXTRAORDINARY SESSION

SENATE BILL No. 2

Introduced by Senator Cogdill
(Principal coauthor: Senator Hollingsworth)
(Principal coauthors: Assembly Members Blakeslee and Caballero)
(Coauthors: Senators Cedillo andFlorez)

October 27, 2009

An act to add Division 26.7 (commencing with Section 79700) to the Water Code, relating to a safe drinking water and water supply reliability program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL’S DIGEST

(1) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.
This bill would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2010, which, if approved by the voters, would authorize the issuance of bonds in the amount of $9.5998 billion ($9,599,800,000) $11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program.
What The Bond Does NOT Pay For

- Conveyance infrastructure
- Private water supply benefits from storage

Water ratepayers will pay these costs
Major Expenditure Categories for the Water Bond

$11 = 4 + 4 + 3

• $4 billion: Local Resource development
• $4 billion: habitat and watersheds
• $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 If We Can’t Pass a G.O. Bond?

The ACWA California Water Finance Task Force

Task Force Members
At Large: Gary Arant
At Large: Paul Bartkiewicz
Region 1: Paul Helliker
Region 2: Sandy Willard Denn
Region 3: Ron Nelson
Region 4: Robert Nees
Region 5: John Coleman
Region 6: William Diedrich
Region 7: J. Paul Hendrix
Region 8: Glen Peterson
Region 9: Steven Robbins
Region 10: Peer Swan

Key Strategy: Protect Multiple Paths to Success
We Need to Invest About $40 Billion to Create a “Co-equal” system over the next 25 years.

On a per capital basis, that’s about 1/3 of what our grandparents invested in our future.
Can We Afford All This?

A Gallon of **TAP WATER**

$0.002
Can We Afford All This?

A Gallon of A Gallon of Tap Water

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Cost</th>
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<tbody>
<tr>
<td>1,200 Gallons</td>
<td>$0.002</td>
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<tr>
<td>2,000 Gallons</td>
<td>$4.00</td>
</tr>
<tr>
<td>5,700 Gallons</td>
<td>$11.35</td>
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<tr>
<td>22,500 Gallons</td>
<td>$45.00</td>
</tr>
</tbody>
</table>
Can We Afford All This?

$45.00

Your Swimming Pool

And Your Neighbors Swimming Pool
Can We Afford All This?

The Public Investment = 3 bottles of water per household per month

In the future, your water bill will still be less than

MONTHLY COST OF TAP WATER

MONTHLY COST OF Electricity

MONTHLY COST OF Cable

MONTHLY COST OF Mobile Phone
The Challenge

- ACWA strongly supports implementation of the comprehensive package
- Package will require a broadly supported finance plan
- Finance plan must reflect the growing “public benefits” in 21st Century California water policy
- If not this bond, then what?
- Any changes must be consist with
  - Implementation of the whole package
  - Beneficiaries pays principle
  - Capable of securing a 2/3 vote
The Challenge Continues

Stay Tuned…
Contact

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