



November 2017

The “Water Supply and Water Quality Bond Act of 2018”, Circulating for Signatures, Would Establish Bad Water Policies

Sierra Club California has taken an oppose position on a water bond circulating for signatures to go on the November 2018 statewide ballot. This decision follows internal discussion, consultation with allies, and votes by various entities, including the Sierra Club California executive committee and the California Nevada Regional Conservation Committee.

The ballot measure is formally known as the Water Supply and Water Quality Bond Act of 2018 and would provide \$8.877 billion for various water projects and programs.

Key Concerns About the Bond

Here is a brief list of key concerns about the proposed bond measure, leading us to oppose it.

- 1. It will provide funds for water projects, including dam-related projects, and in the process undercuts the principle of beneficiary pays.** Specifically, Chapter 10 in the measure provides \$750 million to the Friant Water Authority for water conveyance capital improvements and water conservation projects. We do not support providing public bond funding to Friant Water Authority for these projects. This funding could be used to fund projects that are harmful to the environment and strongly opposed by the environmental community. The Friant-Kern Canals are units of the Federal Central Valley Project, which is funded under a beneficiary pays principle, not through taxpayer funds. Purported needs for additional funding cite increased groundwater pumping that has led to subsidence, which has damaged the canals, which should be funded by those who have pumped the water and caused the damage. Further, some of the eligible projects for this funding could also apply for Proposition 1 funding through the California Water Commission (CWC). Since that process has yet to disburse any of the significant continuously appropriated bond funding, there is no need to provide this funding in this bond. Also, there should be a clear prohibition on funding surface storage since those projects are currently applying to the CWC for funding under very specific conditions outlined in Proposition 1. Finally, Chapter 11 of the bond measure provides \$200 million for Oroville dam repairs. This dam is a unit of the State Water Project, which has been funded under a beneficiary pays principle, not by general taxpayers.
- 2. It could open new funding pathways for ill-conceived dams.** Only chapters 8 and 9 and the new Section 6 (page 49-50) prohibit the expenditure of funds on new surface storage or raising existing reservoirs. We are concerned that the only clear prohibition is found in three specific places in the bond and nowhere else. This raises the issue that the

other chapters are not subject to that prohibition. Also, the bond measure's proponents rejected requests by environmental groups to overtly prohibit funds from being used to construct, expand or improve conveyance facilities associated with any surface storage project listed in the CalFed decision of 2000. We take this as a sign that it is possible—and maybe probable—that funds in this bond will be used to advance several dam projects we have opposed.

- 3. It could create incentives that harm threatened and endangered species.** Section 86032 of the bond provides funding for agricultural water conservation in the tributaries of the Delta for the benefit of flow and to expedite water transfers. This section does not explicitly prohibit the expenditure of funds on any funded activities that create adverse impacts to wildlife, such as eliminating flooding of rice fields for decomposition or the disking of fallowed agricultural lands to prevent the growth of plants that provide for upland habitat for birds and other species. This section could provide perverse incentives that decrease migratory bird habitat and habitat for other wildlife such as the threatened giant garter snake.
- 4. It shifts money away from important upland habitat conservation.** The bond's proposed addition of Section 2799.7 to the Fish and Game Code would send the Habitat Conservation Fund money to water acquisition after 2020. We do not believe that 100% of that money should go only to acquire water. That fund has been important to non-water related habitat. If there is to be a re-allocation of that fund, a substantial percentage should go to wildlife corridor conservation in the face of climate change.
- 5. Money that should be used to reduce climate pollution would be spent ineffectively.** Section 6 that adds Part 12 to Division 6 of the Water Code would provide for a continuous appropriation from the Greenhouse Gas Reduction Fund (GGRF) revenues obtained through the cap-and-trade auction proceeds. Cap-and-trade related costs here has a very broad conception, meaning the direct costs of the complying with the cap-and-trade regulation (i.e., the purchase of compliance instruments), the costs incurred by the AB 32 Cost of Implementation regulation (which is a fee paid by greenhouse gas emitters to cover the costs of carrying out regulations), and even the indirect costs of increased power from cap-and-trade that affects the selected entities as downstream power purchasers. Further, the language "Notwithstanding any other provision of law (including...Sections 39710 through 39723 of the Health and Safety Code)" provides that this appropriation bypasses the normal statutory controls for GGRF monies, e.g., the section 39712 language on facilitating the achieving of greenhouse gas reductions, etc. It is not likely that the big water agencies that will now be eligible for these funds will use them as effectively or efficiently as needed to reduce greenhouse gas emissions, particularly if they are given this guarantee that they will get these funds.