

INFORMATIONAL HEARING
SENATE NATURAL RESOURCES AND WATER COMMITTEE

SENATOR FRAN PAVLEY, CHAIR

March 8, 2016
9:30 a.m., Room 112

**California's Chronically Under Funded Water Needs:
Options for Moving Forward**

Background Brief

On Monday, November 16, 2015, this committee held an informational hearing titled “California's Water Challenges in the 21st Century: Assessing California's Chronically Under Funded Water Needs.” The purpose of the hearing was to explore the nature and size of our underfunded water programs. In her opening remarks, Senator Pavley stated that that day’s hearing was the fact finding/informational part of the hearing and that the hearing would continue in early 2016 to look at potential solutions.*

The hearing started with an overview of the nature of the problem with presentations by Lester Snow with the California Water Foundation (CWF) and Ellen Hanak with the Public Policy Institute of California (PPIC).

Lester Snow began his testimony, saying “My main message is that we are falling behind in our ability to fund essential water resource investments, especially related to public health and public health protection in terms of drinking water but also on a broader topic of climate adaptation, including rebuilding ecosystem resilience and water supply reliability. In my opinion our natural resource reality including the hydrology is changing faster than our policies and institutions are capable of adapting.” He then discussed how our water management approach is striving to adapt, but our financing system, with Proposition 218 and other funding constraints, makes it difficult to fund needed water programs and projects.†

Ellen Hanak made the case that California has a number of “fiscal orphans.” According to her April 2015 brief *Paying for Water*, “California is failing to adequately fund five services that protect public health and safety and the environment: safe drinking water in small, disadvantaged

* Materials from that hearing, including an agenda, speaker slides, background materials, and a video of the hearing may be found at the bottom of the following link: <http://sntr.senate.ca.gov/2014informationaloversighthearings>

† See video of the hearing, beginning at approximately the 3:30 mark <http://sntr.senate.ca.gov/2014informationaloversighthearings>

communities; flood protection; control of stormwater and other polluted runoff; management of aquatic ecosystems; and integrated water management.”* The annual funding gaps ranged from \$30 M - \$160 M for safe drinking water in small rural systems to \$800 M -- \$1,000 M for flood protection.

The committee then had a series of presentations by the water leaders who regularly wrestle with how to ensure California’s water needs are appropriately addressed. Each described the scope and consequences of their unfunded programs. The programs and witnesses were:†

- Safe and Reliable Drinking Water Laurel Firestone, Co-Executive Director, Community Water Center
- Stormwater Management Ken Farfsing, Interim City Manager, City of Carson
- Flood Protection Melinda Terry, Executive Director, Central Valley Flood Control Association
- Water Infrastructure Xavier Irias, Chair, California Water and Environment Policy Committee, American Society of Civil Engineering
- Restoration & Stewardship Brian Stranko, Director, California Water Program, The Nature Conservancy

Under public comment, Liz Mansfield Director of the Sierra Water Workgroup described the need to invest in the headwaters and upper watersheds and challenges funding such activities.

This hearing is the continuation of the November 16, 2015 hearing. The purpose is to pick up where the November 2015 hearing left off, and discuss options for moving forward.

Rachel Ehlers with the Legislative Analyst’s Office will lead off the hearing by characterizing funding challenges for various water programs and identifying key legislative options to increase funding for water-related activities.‡

Ms. Ehlers will be followed by a panel that will describe different approaches to resolving some of these funding challenges.

- Tim Quinn, Executive Director of the Association of California Water Agencies (ACWA), will discuss a proposed change to Proposition 218.§
- Newsha K. Ajami, Director of Urban Water Policy, Water In The West, will make the case for a public goods charge in California.*

* Ellen Hanak et al. *Paying for Water*. Public Policy Institute of California, April 2015. Available at: <http://sntr.senate.ca.gov/2014informationaloversighthearings>

† Additionally, Tony Zampello, Executive Officer, Main San Gabriel Basin Watermaster, had intended to testify on the challenges of recharging groundwater basins. Unfortunately, he was unable to attend due to weather related travel problems.

‡ Legislative Analyst’s Office, *Options for Funding Water-Related Activities*, March 8, 2016. Available at: <http://sntr.senate.ca.gov/content/2016-informationaloversight-hearings>

§ http://www.oag.ca.gov/system/files/initiatives/pdfs/15-0116%20%28Water%20and%20Sewer%20Fees%29_0.pdf

- Laurie A. Wayburn, Co-founder, Co-CEO, and President of the Pacific Forest Trust will describe a new approach to invest in healthy watersheds and provide more water supply.[†]
- Deven Upadhyay, Group Manager for Water Resource Management with the Metropolitan Water District of Southern California will describe their unique statutory requirements to invest in water conservation, how it works, and how that might be applied more broadly in California.[‡]

There then will be time for public comment.

* Kim Quesnel and Newsha Ajami, Ph.D., *Funding Water in Times of Financial Uncertainty: The Case for a Public Goods Charge in California*. Water In the West. January 2015. Available at: <http://waterinthewest.stanford.edu/sites/default/files/Ajami-PGC-WhitePaper-FINAL02172015.pdf>

[†] Laurie A. Wayburn, *Healthy Watersheds California: A New Approach to Water*. Available at: <http://sntr.senate.ca.gov/content/2016-informationaloversight-hearings>

[‡] PowerPoint slides will be provided at the hearing