

Overview of Proposition 1 2014 Water Bond

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

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No. 2 on Resources, Environmental Protection,
Energy, and Transportation

Hon. Bob Wieckowski, Chair





Overview of Proposition 1



Provides \$7.5 Billion for Various Water-Related Activities

- Approved by voters in November 2014.
- Includes funding for wide variety of activities, including water storage, watershed protection and restoration, groundwater sustainability, and flood management.



Administering Departments Responsible for Project Selection

- Administered by six state departments and ten conservancies.
- Primarily funds projects through competitive grant process based on criteria established within bond and by administering departments.
- Legislature prohibited from funding specific projects, but can indicate direction and priorities for certain bond categories.



Specific Requirements for Certain Bond Categories

Examples Include:

- Requiring a local fund match (generally 50 percent of the project).
- Prioritizing a portion of funding for disadvantaged communities (such as setting aside 10 percent of certain categories).
- Yielding multiple benefits (such as improved water quality, flood protection, and habitat health).
- Restricting funding for public benefits (for example, not for increased water supply for specific water agencies).



Overview of Proposition 1

(Continued)



Bond Spending Subject to Certain Accountability Provisions

- California Natural Resources Agency must publish all program and project expenditures on its website, and submit annual summary report to the Legislature.
- Department of Finance must audit expenditure of grant funds.



Proposition 1 Appropriations

Summary of Proposition 1 Bond Funds				
<i>(In Millions)</i>				
Purpose	Implementing Departments	Bond Allocation	Prior Appropriations	2017-18 Proposed
Water Storage		\$2,700	\$10	\$416
Water storage projects	CWC	2,700	10	416
Watershed Protection and Restoration		\$1,496	\$792	\$162
State obligations and agreements	CNRA	475	448 ^a	17
Watershed restoration benefiting state and Delta	DFW	373	93	37
Conservancy restoration projects	Conservancies	328	163	60
Enhanced stream flows	WCB	200	78	39
Los Angeles River restoration	Conservancies	100	—	—
Urban watersheds	CNRA	20	10	9
Groundwater Sustainability		\$900	\$825	\$35
Groundwater cleanup projects	SWRCB	800	764 ^a	—
Groundwater sustainability plans and projects	DWR	100	61	35
Regional Water Management		\$810	\$290	\$217
Integrated Regional Water Management	DWR	510	87	214
Stormwater management	SWRCB	200	105	3
Water use efficiency	DWR	100	98	—
Water Recycling and Desalination		\$725	\$648	\$1
Water recycling	SWRCB	725	598 ^a	—
Desalination	DWR	—	51	1
Drinking Water Quality		\$520	\$475	\$5
Drinking water for disadvantaged communities	SWRCB	260	248	3
Wastewater treatment in small communities	SWRCB	260	227	2
Flood Management		\$395	—	—
Delta flood management	DWR and CVFPB	295	—	—
Statewide flood management	DWR and CVFPB	100	—	—
Administration and Oversight		—	\$2	\$1
Administration ^b	DWR and CNRA	—	2	1
Totals		\$7,546	\$3,042	\$837

^a Reflects reversion of some previously appropriated funds, as proposed in the 2017-18 Governor's Budget.

^b 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; SWRCB = State Water Resources Control Board; DWR = Department of Water Resources; and CVFPB = Central Valley Flood Protection Board.



Proposition 1 Appropriations

(Continued)



State in Midst of Appropriating Proposition 1

- Legislature has appropriated \$3 billion, initiating most activity categories.
- \$2.7 billion for water storage is continuously appropriated to the California Water Commission.



Administration Previously Presented Multiyear Funding Plan to Legislature

- For activities initiated in prior years, the administration submitted a multiyear “rollout” plan for future appropriations.
- Legislature maintains authority to modify plan through annual budget act.



2017-18 Budget

Governor's January Proposal



Proposes Appropriation of \$421 Million

- Continues activities initiated in prior years.
- Includes a few budget change proposals for small, technical changes.
- No January proposal for two unappropriated categories: Los Angeles River restoration and flood management.



Anticipates Initial Appropriation of Water Storage Funding

- Estimates California Water Commission will allocate \$416 million in water storage funding (via continuous appropriation).

LAO Recommendations



Adopt Governor's 2017-18 Budget Proposals

- Proposals for 2017-18 spending from Proposition 1 largely reflect multiyear funding plan presented to Legislature in prior years.



Continue Ongoing Oversight, Modify Course if Needed

- Legislature has authority to revisit multiyear funding approach.
- Lessons learned from Proposition 1 can help shape future bonds or state programs.