

**DATE:** June 22, 2010  
**TO:** Mayor and City Council  
**FROM:** City Manager  
**SUBJECT:** Water Bond 2010 – “Safe, Clean, and Reliable Drinking Water Supply Act”

## **RECOMMENDATION**

This matter is coming before Council at the request of the members of the Council Sustainability Committee. Committee members are asking Council to review the issues presented herein and consider taking a position in opposition to the “Safe, Clean, and Reliable Drinking Water Supply Act of 2010”.

## **BACKGROUND**

In November 2009, Governor Schwarzenegger and the California legislature developed a plan, known as the 2009 Comprehensive Water Package that is intended to address California’s water supply challenges. An updated summary of the Plan can be found at [CA Department of Water Resources](#).

The plan consists of four policy bills:

- Delta Governance/Delta Plan – to improve the reliability of the water supply and to restore and enhance the Delta ecosystem
- Groundwater Monitoring – to improve the monitoring and management of groundwater supplies
- Statewide Water Conservation – to reduce state-wide per capita water use through decreases in both urban and agricultural water use
- Water Diversion and Use / Funding – to improve the accounting of water that is being diverted from the Delta and provide funding for water- related projects that would protect and reduce dependence on Delta water supplies

In addition to the policy bills, the Plan also includes the “Safe, Clean, and Reliable Drinking Water Supply Act of 2010”(the Act), an \$11.14 billion general obligation bond that is intended to provide funding for water infrastructure improvements and for projects that address ecosystem and water storage/supply issues. The bond issue will be on the November 2010 ballot and was primarily sponsored by Dave Cogdill a Senator from the Central Valley.

## DISCUSSION

As noted, the Act is an \$11.14 billion bond proposal that, if approved by California voters in November, would fund infrastructure projects, as well as programs to enhance the ecosystem and address water supply issues. According to the State Department of Water Resources, the bond would fund projects throughout the State in seven categories, including drought relief; water supply reliability; Delta sustainability; statewide water system operational improvement; watershed protection; groundwater protection; and water quality, recycling, and conservation projects. The types of water supply reliability projects that would qualify for funding range from conservation and water use efficiency efforts to additional water storage. Funding would also be available for watershed and ecosystem protection, including wildlife refuge enhancement, fish passage improvements and removal of obsolete dams and restoration of unimpeded water flow.

### *Pros and Cons*

To date, there has been little published in the way of independent and objective analysis of the Act. There are, however, organized efforts on both sides of the issue, and staff has included in this report a summary of the arguments from both the Act's opponents and supporters to provide the Council with an overview of the issues to be considered. Of particular note is that this measure has well-known environmental groups among both advocates and opponents.

Proponents of the Act state that:

- Water supply reliability would be increased by improving the infrastructure that stores and delivers water.
- Local water supplies could be developed, including recycled water projects.
- Restoration of the Delta would be achieved through a series of the projects to improve levees and restore ecosystems and habitats.
- The bonds would enable investment in water conservation, watershed protection and restoration, and remediation of contaminated groundwater sites, and other environmental protection efforts.
- The bonds would be sold over time, with no more than \$5.6 billion sold before July 2015, so that some of the debt is deferred until the economy is improved.
- Every region in the state will receive a fair share of the funds.

A partial list of supporters include<sup>1</sup>: Meg Whitman, candidate for California State Governor, [Silicon Valley Leadership Group](#), [Bay Area Council](#), [California Chamber of Commerce](#), California State Council of Laborers, Associated General Contractors of California, Audubon California, the Nature Conservancy, Senator Dianne Feinstein, and a variety of water districts, businesses, and elected officials from the Central Valley.

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<sup>1</sup> Both the partial list of supporters and opponents was taken from the following web site: [Ballotpedia.org](http://Ballotpedia.org)

Opponents of the Act state that:

- As of January 2010, California has a total bond debt of \$89 billion from previous bond issues approved by the state's voters. The state makes yearly debt payments of about \$10 billion on its \$89 billion debt load.
- The annual cost of servicing this debt is expected to be in the neighborhood of \$600 million, for 30 years, once all of the bonds are sold. This could affect the State General Fund and further erode the State's financial resources.
- More than \$7 billion of existing voter-approved bond funds have not yet been spent. It would be prudent to exhaust those funds before issuing new debt.
- The bond would be used, in part, to construct new water storage and conveyance facilities, which opponents claim would cause significant ecological and cultural negative impacts.
- There is potential for privatization of water service in that the Act allows for the creation of joint powers authorities that include nongovernmental entities.
- The bond does not do enough to encourage water conservation, especially for agricultural water use, with the majority of the funds directed towards infrastructure.

A partial list of opponents include<sup>2</sup>: Senator Leland Yee, Senator Mark Leno, Assembly Member Tom Ammiano, former Attorney General John Van de Kamp, [Sierra Club California](#), [Environmental Justice Coalition for Water](#), [Clean Water Action](#), [Butte Environmental Council](#), [Friends of the River](#), [Sacramento Audubon Society](#), Friends of Trinity River, [California Fisheries Network](#), and other commercial and sport fishing organizations.

The Bay Area Water Supply and Conservation Agency, of which Hayward is a member, has not taken a position on this issue and has not budgeted funds for a detailed review in the coming year, in part because it does not consider this a core issue for the agency, and because it has agencies which may tend to support or not support the bond issue among its members. A fairly well written and balanced commercial news article may be found at: [Energy & Environment/APA](#).

## **ECONOMIC IMPACT**

Repayment of the bonds would be made from the State's General Fund. To the extent that the General Fund has not recovered from the economic downturn and sufficient funds are not available for the debt service, it is assumed that local agency budgets could potentially be impacted. However, it is difficult to assess this impact at this time.

## **FISCAL IMPACT**

The Act will not have a fiscal impact on the City that is identifiable at this time.

## **PUBLIC CONTACT**

This issue was briefly brought up at a meeting of the Council Sustainability Committee.

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<sup>2</sup> Both the partial list of supporters and opponents was taken from the following web site: [Ballotpedia.org](#)

## **NEXT STEPS**

Staff will implement the action taken by Council and communicate Council's position on this matter as directed by Council.

Prepared by:



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Fran David, City Manager

Attachment: Draft Resolution in Opposition to Water Bond 2010

# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. 10-\_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

## RESOLUTION IN OPPOSITION TO THE MULTI-BILLION DOLLAR WATER BOND ACT OF 2010

WHEREAS, the State Legislature and the State Governor have placed on the November 2010 state-wide ballot a water bond measure that will authorize \$11.14 billion in general obligation bonds, with a total cost to taxpayers exceeding \$22 billion including interest, and a cost to the State General Fund of approximately \$800 million per year; and

WHEREAS, the proposed water bond comes at a time of grave budget crises at the state and local levels of government, and at a time when California has found it difficult to sell all of the bonds previously authorized by voters; and

WHEREAS, billions of dollars worth of water bonds previously approved by voters have not yet all been sold; and

WHEREAS, the contents of the water bond have proven controversial and have divided well-known and respected environmental groups; and

WHEREAS, there does not exist sufficient technical and independent analysis of the bill, its financing mechanism, or its programmatic components to properly and fully inform California voters on the pros and cons of this massive financial undertaking.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward does hereby express its opposition to the "Safe, Clean, and Reliable Drinking Water Supply Act of 2010" and directs staff to communicate this opposition to the City's elected State representatives and other State leaders as appropriate.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2010

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward