



CALIFORNIA STRATEGIC GROWTH PLAN

FLOOD CONTROL,
WATER SUPPLY &
CONVEYANCE

JANUARY 2007

The California
Department of
Water Resources

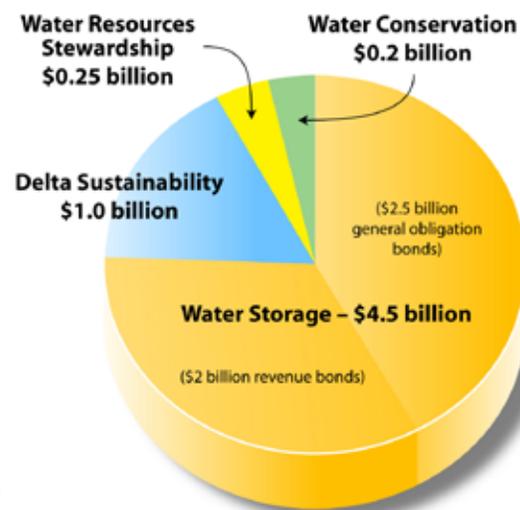
FLOOD CONTROL, WATER SUPPLY AND CONVEYANCE

Last year, the Governor and Legislature initiated the first phase of a comprehensive Strategic Growth Plan (SGP) to address California's critical infrastructure needs over the next 20 years. In November 2006, the voters approved the first installment of that 20-year vision to rebuild California. The infrastructure package included water and flood measures in Propositions 1E and 84. These measures provided \$4.9 billion for flood management and approximately \$1 billion for integrated regional water management including wastewater recycling, groundwater storage, conservation, and other water management actions.

In January 2007, the Administration proposed an additional \$5.95 billion to augment the existing funding for the SGP through 2016. These new investments in water management will address population growth, climate change and environmental needs.

The proposed \$5.95 billion will ensure reliable water supplies and help California cope with climate change effects:

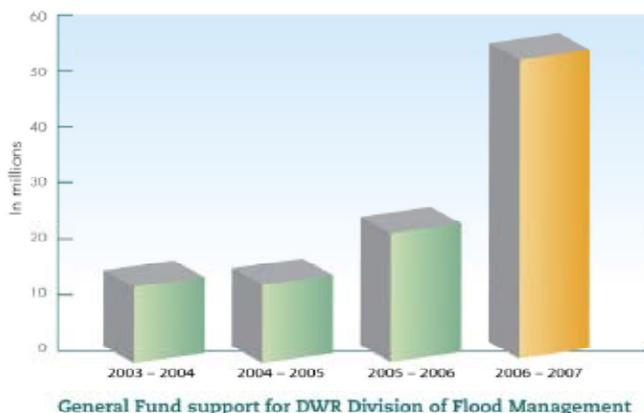
- **Water Storage** - \$4.5 billion
((\$2.5 billion general obligation bonds and \$2.0 billion revenue bonds))
- **Delta Sustainability** - \$1.0 billion
(general obligation bonds)
- **Water Resources Stewardship** - \$250 million
(general obligation bonds)
- **Water Conservation** - \$200 million
(general obligation bonds)



Accomplishments to Date

Much progress has been made so far. Three policy documents outline the issues and strategies already considered to ensure California's water future:

- *California Water Plan Update (2005)* is a strategic plan for meeting future water demands. It recommends two initiatives to ensure reliable water supplies: integrated regional water management and improved water management systems.
- *Flood Warnings: Responding to California's Flood Crisis (2005)* called for flood management improvements and reforms to reduce the potential for such disasters in California.
- *Progress on Incorporating Climate Change Into Management of California's Water Resources (2006)* provided the first detailed analysis of climate change on water and flood management.



To help put these plans into action, the Governor and Legislature have consistently supported major investments in water management and flood protection. General Fund support for the Department of Water Resources flood management program has grown from \$14.4 million in 2004-05 to \$55.3 million in 2006-07. Assembly Bill 142 provided an additional \$500 million to fund urgently-needed flood protection projects throughout the state.

Following the Governor's emergency declaration for the flood system in February 2006, key repairs to 33 critical erosion sites protecting Central Valley communities were completed in record time. The state is now advancing funds and working with the federal government to repair 71 additional levee erosion sites damaged in last year's floods. An unprecedented effort to evaluate 350 miles of urban levees for hidden defects has begun, and the state is leading a coordinated effort involving federal and local agencies to avoid a major flood disaster in California.

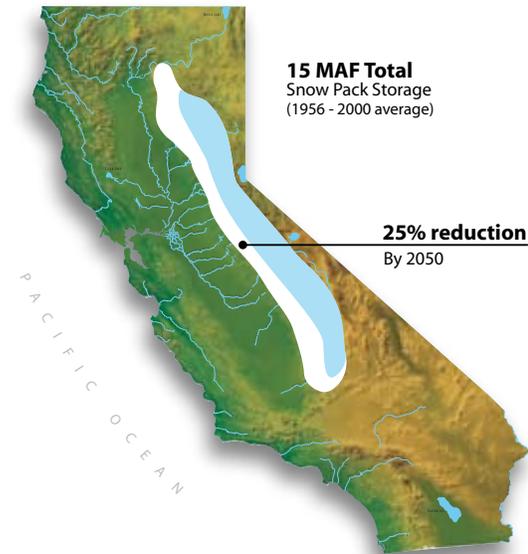
2008 Bond Measure for Water Supply, Flood Management and Conveyance

Two critical areas remain unaddressed that are vital to ensuring that California has reliable water supplies and is able to cope with the effects that climate change will have on water supply and flood protection: storage and conveyance. Current trends and climate models suggest a loss of at least a quarter of the snowmelt runoff by 2050. Warmer weather would ultimately mean more flooding in the winter, and less runoff from snow during the spring.

With greater conservation measures and by expanding the state's water management and delivery system, including surface storage, groundwater storage and conveyance facilities, California can prepare for these changes.

In this phase of the SGP, the Administration proposes a total of \$5.95 billion through 2016. Of this amount, general obligation bonds will provide \$3.95 billion and revenue bonds will provide \$2.0 billion. The proposal includes:

Reduction in Snowpack due to Climate Change



Water Storage - \$4.5 billion (\$2.5 billion general obligation bonds and \$2 billion revenue bonds). This funding will be dedicated to the development of additional storage, which would most likely occur near Sites on the west side of the Sacramento Valley and Temperance Flat on the San Joaquin River east of Fresno.

Water supply yield from the proposed reservoirs could provide up to 500,000 acre-feet per year. Additional benefits could include better flood protection, water for fisheries management and wildlife refuges, and improvements in drinking water quality.

The water storage costs would be shared - \$2 billion in general obligation bonds would be used to finance the state's portion of the projects for benefits such as flood control, ecosystem restoration, and water quality improvements that serve the state in general. The non-state portion would be funded from \$2 billion

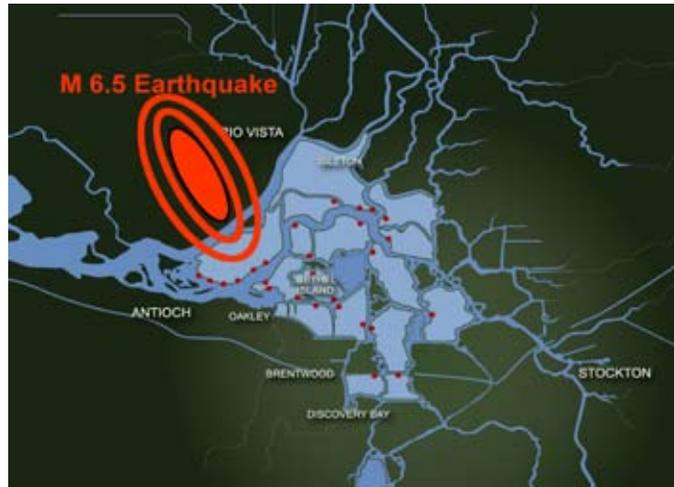
in revenue bonds secured by contract payments from the water suppliers who would benefit from the new storage. In addition to investments in surface storage, \$500 million in general obligation bonds will be dedicated for grants to augment local investment in groundwater storage projects, providing an additional 500,000 acre-feet of annual yield.



The Delta

Delta Sustainability - \$1.0 billion (general obligation bonds). Leveraging anticipated federal and local funding sources, this funding will help implement a sustainable resource management plan for the Delta. In September 2006, the Governor signed an executive order to develop a “durable vision for sustainable management of the Delta,” a unique natural resource that provides estuarine habitat for resident and migratory fish and birds including threatened and endangered species. It is a prime recreational and cultural destination as well as California’s most significant source of drinking and agricultural water. However, scientists have affirmed that the current health of the Delta’s ecosystem and its use as a reliable water conveyance corridor are not sustainable over the long-term. These investments would pay a portion of the public benefit costs and leverage significant water user investments in upgrading water conveyance infrastructure through the Delta.

Recent findings suggest a two in three chance of catastrophic flooding in or near the Delta in the next 50 years due to earthquakes or storms. An earthquake could liquefy the foundations of Delta levees. Major highway corridors could be inundated. Intrusion of salt water in the Delta would shut down the Central Valley and State Water Projects for months and cause long-term reduction in water quality when service was resumed. The economy of California and the nation would suffer major negative impacts. This collective investment will help reduce the seismic risk to water supplies derived from the Delta, protect drinking water quality and reduce conflict between water management and environmental protection.



A magnitude 6.5 or greater earthquake in the Delta could result in 30 levee breaks and draw salt water from the San Francisco Bay into the Delta, cutting off water deliveries to 23 million Californians.

Water Resources Stewardship - \$250 million (general obligation bonds). This funding would support implementation of Klamath River restoration, provide for elements of Salton Sea restoration identified in the Salton Sea Restoration Act and related legislation enacted in 2003, contribute to restoration actions on the San Joaquin River, and supplement successful restoration projects on the Sacramento River and its tributaries as well as in the Delta.

Water Conservation - \$200 million (general obligation bonds). This funding will augment \$1 billion provided by Proposition 84 and support the Integrated Regional Water Management (IRWM) program. IRWM encourages regional strategies to protect communities from drought, protect and improve water quality, and reduce dependence on imported water. The proposed funding will provide targeted water conservation grants to local communities. These investments in water conservation will yield about 200,000 acre-feet per year – enough to meet the water needs for about 400,000 families. Funded projects could also protect water quality, conserve energy, reduce urban and agricultural runoff, and reduce urban effluent.



Salton Sea