

Frequently Asked Questions

Q: What is Proposition 1 – the Water Quality, Supply and Infrastructure Improvement Act of 2014?

A: Proposition 1 is a \$7.5 billion general obligation bond set for the November ballot. If approved by voters, the bond would provide funding for improvements in California’s aging water infrastructure as well as money for conservation, recycling, groundwater and other programs as part of a comprehensive, statewide water plan for California.

The bond was placed on the ballot by a near-unanimous, bi-partisan vote of the Legislature and the signature of Gov. Jerry Brown.

Q: What kind of projects would the bond measure fund?

The bond would provide funding for a wide variety of local, regional and statewide projects and strategies and to combat drought and improve the resilience of the state’s water system. It funds programs such as: water conservation, increased water storage capacity, water recycling, groundwater cleanup, safe drinking water programs and healthy habitats and watersheds.

Q: Why is a water bond being discussed now?

A: California is in a severe, multi-year drought that continues to stress our reservoirs, groundwater basins and ecosystems. Public concern about water is at an all-time high. Recent polls show that more than 82% of Californians identified drought and water shortages as the state’s most pressing issue. California’s aging water infrastructure, growing population and unpredictable weather patterns expected from climate change will continue to stress the state’s already fragile water system.

To address these challenges, Gov. Brown has put forth a statewide, comprehensive water plan that includes investments in increased water storage capacity, conservation, water recycling, stormwater capture, safe drinking water, groundwater cleanup, habitats and watersheds. Proposition 1 is intended to fund many elements included in that plan.

Q: How would the bond address the state’s water problems?

A: Proposition 1 would fund a diverse suite of programs as part of a statewide, comprehensive water plan for California. The bond includes: \$810 million for regional water reliability strategies such as water conservation and stormwater capture; \$725 million for water recycling and salt-removal projects; \$2.7 billion for local and regional water storage capacity, both above- and below- ground; \$900 million for

the protection and cleanup of groundwater basins; \$520 million for safe drinking water and clean drinking water programs, particularly for disadvantaged communities and \$1.89 billion for watershed management and flood protection.

Q: Why do we need additional water storage? Aren't conservation and water recycling a more effective and less expensive way to meet our water needs?

A: Conservation and water recycling are critical elements of a comprehensive statewide water plan, but experts agree that additional water storage capacity – above- and below-ground – also is needed to increase water system flexibility. We also need more places to put water when it's available during wet periods for later use in dry times. Climate change, which is expected to bring more severe, prolonged droughts and higher peak flood flows, makes it even more important to expand our water storage capacity. Below-ground water storage projects also serve the dual purpose of storing water *and* replenishing aquifers.

The kinds of projects eligible for partial funding under Proposition 1 are different from the traditional dams of the past. They would be designed for the 21st century to add greater flexibility to the state's water management system to meet the state's needs.

Q: How would the storage funds be allocated?

A: The bond measure would appropriate \$2.7 billion to the California Water Commission, which would select projects through a competitive process. Projects such as local and regional surface storage, groundwater storage and cleanup, and reservoir reoperation would be eligible for partial funding for the "public benefits" associated with the projects, such as improved water quality, flood control and habitat restoration. Matching funding from local proponents / water users would be required to finance the remainder of project costs, including water supply benefits.

Q: Is the bond intended to fund three specific big dams?

A: No. The bond funding is not tied to any specific projects. As stated above, dollars would be allocated through a competitive process that evaluates projects according to public benefits they would provide.

Q: Will the bond pay for the Governor's tunnel project?

A: No. There is no money in Proposition 1 for any part of the proposed Bay Delta Conservation Plan.

Q: How would the bond benefit the environment?

A: The bond includes funding for a wide variety of programs and projects that are intended to protect and restore the environment. It would invest in habitat restoration, watershed protection and the cleanup of groundwater basins.

Q: How will the bond benefit the state's economy?

A: The bond is intended to increase water reliability throughout the state. Without reliable water, virtually all sectors of our economy suffer – from agriculture to high tech, to the service and recreation industries. California already has experienced job losses due to the ongoing drought, according to a study by UC Davis. Experts agree that reliable water is a vital component to a strong economy.

Q: How would the general obligation bonds be issued and repaid?

A: GO bonds are used to fund infrastructure projects that benefit taxpayers. Once authorized by voters, bonds are sold to investors and the proceeds are used to fund projects. The state makes annual payments from the General Fund until bonds are repaid with interest.

Each year, General Fund revenues must be set aside for debt-service payments on bonds. The percentage of revenues required to be set aside is known as debt-service ratio.

According to the Legislative Analyst's Office (LAO), California's current debt-service ratio is 5%. It is expected to peak at just under 6% in 2018-19. If Proposition 1 is approved by voters, the debt-service ratio would increase by less than one-third of a percentage point to 6.3%.

Proposition 1 would cost the state \$360 million annually over 40 years, according to the LAO.

Q: What other funding would be leveraged if the bond is approved by voters?

A: The bond is intended to leverage additional local / regional funds for a total investment of approximately \$25 billion to \$30 billion to address California's water needs.

Q: How can I find out more about Proposition 1?

A: For more information visit these resources:

Official Voter Information Guide – Supplemental Ballot: <http://www.voterguide.sos.ca.gov/en/pdf/>

Yes on Proposition 1 and Proposition 2 campaign website: <http://www.yesonprops1and2.com/prop-1>

No on Proposition 1 campaign website: <http://www.noonprop1.org/>