



Office of the Mayor

Consent Calendar
July 13, 2010

To: Members of the City Council
From: Mayor Tom Bates
Subject: Opposition to State Water Bond

Recommendation:

Adopt a Resolution in opposing the State Water Bond, euphemistically called the Safe, Clean and Reliable Drinking Water Supply Act of 2010, and request the State Legislature to remove the bond measure from the November 2010 ballot because it will further increase the State's already over-burdened debt capacity.

Background:

The Governor and Legislature have placed on the November 2010 ballot a water bond measure that will authorize \$11.14 billion in general obligation bonds, with a total cost to taxpayers exceeding \$22 billion, and a cost to the state General Fund of approximately \$800 million per year. This measure will have significant negative impacts on the environment and the state budget.

The water bond prioritizes and contains \$3 billion for new or enlarged dams for statewide water supply purposes. Dams are the most costly and least effective water option in California. These large scale projects will have significant environmental impacts including destruction of natural habitat where the dam is placed and harm to fish populations. Recent scientific studies show that large reservoirs are a significant source of greenhouse gases. The rivers threatened by new or enlarged dams to be funded by the bond include portions of the Sacramento and San Joaquin. Another billion dollars elsewhere in the bond could be used by local water agencies to build new or enlarge existing dams on the Mokelumne, Bear, Merced and other rivers.

The bond also contains up to \$1 billion for desalination facilities. Desalination is one of the most costly ways to produce water and is among the most energy intensive. To desalt water massive amounts of energy must be used to push water through very thin membranes, inevitably contributing to emissions associated with climate change. Desalination can also aquatic life as the water is pushed through the membranes and when the concentrated salts are released back into the water.

Not only is desalination very energy intensive, it is very costly. According to a study of a proposed desalination plant in Marin, desalination costs up to twice as much as much

more environmentally friendly policies such as incentives to plant native plants, graywater, and efficient appliances. Even more significant water savings can be achieved through greater efficiencies in agriculture, where 80% of water used by Californians goes.

Supporters of the water bond, led by the Governor, have been clear in their support for construction of a peripheral canal around the Sacramento-San Joaquin Delta, and they point to a recently enacted legislative package and this year's water bond as instrumental to building the canal. Opponents argue that such as the peripheral canal would devastate the Delta's water quality, environment, farms, recreation, and further threatening endangered fish populations.

Opponents argue that we all want clean water and that changes must be made in California's water policies, but that the water bond is the wrong package at the wrong time.

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. Specifically California voters have generously approved \$18.1 billion in water-related bonds in recent years. But more than a third of that money has not yet been spent. Public audits have not yet made it clear whether all the public funds were used properly.

California State Treasurer Bill Lockyer specifically warns that "further increasing the General Fund's debt burden... would require cutting even deeper into crucial services already reeling from billions of dollars in reductions. The case for user-funding for most water system improvements is compelling, both as a matter of equity and fiscal prudence."

For more information about the water bond see the attached websites.

http://info.sen.ca.gov/pub/09-10/bill/sen/sb_0001-0050/sbx7_2_bill_20091109_chaptered.pdf

<http://www.foodandwaterwatch.org/water/california/no-water-bond/>

<http://www.foodandwaterwatch.org/water/report/sustaining-our-water-future/>

Financial Implications:

None

Contact Person:

Tom Bates

Mayor's Office

981-7100

RESOLUTION NO XX,XXX – N.S.

OPPOSING THE NOVEMBER 2010 WATER BOND

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

WHEREAS, this water bond is already opposed by leading environmental organizations and, according to polls, a majority of likely California voters; 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 those projects have not yet been completed or properly accounted for; and

WHEREAS, the Governor initially proposed revenue bonds for the water projects in the bond, rather than general obligation bonds requiring all California taxpayers to pay; and

WHEREAS, California state Treasurer Bill Lockyer specifically warned that "further increasing the General Fund's debt burden... would require cutting even deeper into crucial services already reeling from billions of dollars in reductions. The case for user-funding for most water system improvements is compelling, both as a matter of equity and fiscal prudence;" and

WHEREAS, the Legislature and Governor ignored the Treasurer's advice and approved a general obligation bond package for water projects; and

WHEREAS, the contents of the water bond have proved controversial, with both Republican candidates for Governor saying that \$2 billion to \$3 billion worth of "pork" is included in the \$11.14 billion cost, and twice that much money once principal and interest are paid by California taxpayers; and

WHEREAS, the principal beneficiaries of the projects called for in the water bond are not asked to pay their fair share of costs, a dramatic break from decades of tradition by which "beneficiaries pay;" and

WHEREAS, the water bond has been criticized by environmental organizations for its focus on dams, an expensive, 19th-century technology that harms the environment in myriad ways, but enjoys special favor in the bond package; and

WHEREAS, the water bond takes the extraordinary step of allowing private firms to take control of dams built with public funds and to sell public water resources for a profit; and

WHEREAS, supporters of the water bond, led by the Governor, have been clear in their support for construction of a peripheral canal around the Sacramento-San Joaquin Delta, and they point to a recently enacted legislative package and this year's water bond as instrumental to building the canal; and

WHEREAS, construction of a peripheral canal would devastate the Delta's water quality, environment, farms and recreation, and as such is widely and rightly opposed.

NOW THEREFORE, BE IT RESOLVED that the City of Berkeley recognizes that this costly water bond is:

- ill-timed;
- unaffordable;
- loaded with political pork;
- in direct conflict with other budgetary priorities; and
- overflowing with highly controversial public policy choices.

BE IT FURTHER RESOLVED that the City of Berkeley opposes the 2010 State Water Bond and formally requests the State Legislature remove this measure from the November 2010 ballot.