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Voters OK'd billions for new reservoirs in 2014. California is about to start spending

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California took a big step Friday toward launching a new multibillion-dollar wave of reservoir construction.

After being accused of being overly tightfisted with taxpayer dollars, the California Water Commission released updated plans for allocating nearly \$2.6 billion in bond funds approved by voters during the depths of the drought. The money will help fund eight reservoirs and other water-storage projects, including the sprawling Sites Reservoir in the Sacramento Valley and a small groundwater "bank" in south Sacramento County.

In its new blueprint, which remains tentative, the Water Commission nearly triples the amount of money it will spend compared to a preliminary allocation it put out in February.

With climate change expected to diminish the Sierra Nevada snowpack, the new reservoirs are seen as a way of bolstering California's ability to store water. Sites, a \$5.2 billion project straddling the Glenn-Colusa county line, and the \$2.7 billion Temperance Flat reservoir east of Fresno would become the two largest reservoirs built in California since Jerry Brown's first stint as governor in the 1970s.

"The entire commission is eager to get all of this money out the door and fund these projects as fast as possible," said Armando Quintero, the commission's chairman. The agency will hold hearings in early May and make its final determination in July.

The money comes courtesy of Proposition 1, a water bond approved by voters in 2014. Local water agencies promoting 11 different projects applied for a share of the money, but in early February the Water Commission declared that most of them weren't eligible for nearly as much funding as they requested. The applicants were deemed eligible for a total of just \$942 million, about one-fifth of what they wanted and considerably less than what's available.

The result was instant controversy. Lawmakers and others said the commission was thwarting the will of the voters; one legislator appeared at a commission meeting dragging a child's red wagon full of petitions demanding the money be spent in full. The

protests peaked amid concern that another drought was coming, although late-spring storms have eased some of those fears.

On Friday, the commission said eight projects now are considered eligible for almost \$2.6 billion in total. That roughly matches the amount of available dollars. (Voters authorized \$2.7 billion in spending, but the pot shrinks to just under \$2.6 billion because of bond-finance costs and other expenses.)

What changed since February? The commission says the applicants have done a better job of making their case for the funds.

Although the bond was touted in large part as a drought-relief measure, the rules governing Proposition 1 say the state's dollars can't be used for water storage. The funds can only go toward the elements of a project that would provide "public benefits" such as flood control, recreation and — especially — improvements to the environment.

In the initial analysis, the Water Commission said most of the applicants didn't adequately spell out their public benefits and what they're worth financially. That left the project proponents struggling for a response.

For instance, proponents for Sites Reservoir, which would feed off the Sacramento River and hold twice as much water as Folsom Lake, have argued that it would create a much-needed pool of cold water to support the region's dwindling Chinook salmon population. But the water agencies promoting Sites have struggled to prove the monetary worth of the additional fish.

"Tell me what the dollar value is of a returning salmon with any accuracy," Jim Watson of the Sites Project Authority said in February.

After weeks of back and forth with Sites officials, the Water Commission's staff has agreed the project is eligible for \$933 million in Proposition 1 dollars, up from \$662 million originally earmarked.

Joe Yun, the Water Commission's executive officer, said more explicit project proposals benefited Sites and other applicants. "They've provided the information we needed to substantiate the benefits," Yun said.

The staff gave Sites additional credit for extra water it could deliver in summer for the nearly-extinct Delta smelt. But the dollars are still well short of the \$1.4 billion the reservoir's backers are seeking, and Sites Project Authority Chairman Fritz Durst said in a prepared statement that "we think there is still room for discussion."

Temperance Flat, on the San Joaquin River, was completely shut out in the Water Commission's initial analysis. Now it's eligible for \$171 million in funding, out of \$1 billion requested. The reservoir is expected to cost nearly \$2.7 billion.

A small groundwater bank proposed by the Sacramento Regional County Sanitation District is eligible for \$244 million, up slightly from its initial allocation.

Two Bay Area projects that originally had been denied any Proposition 1 money now are in line for funding. Expansions of Los Vaqueros Reservoir in Contra Costa County and Pacheco Reservoir east of Gilroy have been slated to received \$400 million each.



The spot where Sites Reservoir would be built, along the Glenn-Colusa county line. State officials say the massive reservoir is eligible for \$993 million in Proposition 1 funding.

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