17. WATER: Political stalemate could mean $12B ballot initiative in Calif.
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Arthur O'Donnell, *Greenwire* West Coast reporter

SACRAMENTO – Business groups here may go directly to California voters next year with an $11.7 billion ballot initiative meant to shore up the state's water infrastructure.

The California Chamber of Commerce and other groups filed four versions of a water bond proposal last week. Each contains a slightly different variation on the theme of using public bond issuances to pay for a variety of water conservation projects, revamped policies, and new dams or reservoirs.

The groups appear frustrated by the inability of the state Legislature to move forward with a plan for upgrading water projects and have filed the bond proposals as an insurance plan.

"In case this doesn't happen legislatively, we felt it necessary to file these measures ... in order to preserve our options and have adequate time to gather signatures for the November [2008] ballot," CalChamber President Alan Zaremberg said last week.

If proponents collect the required 434,000 valid signatures quickly, it is possible the measure could appear on the June ballot. Expectations that the ballot could appear as part of the upcoming February primaries appear to have fizzled.

Besides CalChamber, groups backing the measure include the California Alliance for Jobs; the California Building Industry Association; the California Business Properties Association; California Business Roundtable; Consulting Engineers and Land Surveyors of California; and the Western Growers Association. The Association of California Water Agencies (ACWA) provided technical support for developing the initiative language.

ACWA executive director Tim Quinn told *Greenwire* the first version of the measure borrows heavily from proposals previously advanced by Gov. Arnold Schwarzenegger (R), particularly as they promote construction of two new reservoirs, expansion of another, and the potential for a new canal or other conveyance project to boost water supplies for export to Southern California. This proposal would also attempt to minimize the effects on the vulnerable Bay Delta, where the Sacramento and San Joaquin rivers come together and feed into San Francisco Bay.

This version of the initiative specifically mentions three storage facilities previously promoted by the governor: a new Sites Reservoir, a dam at Temperance Flat and expansion of the existing Los Vaqueros reservoir (*Land Letter*, Oct. 11).

It also calls for a "dual conveyance model," which refers to a new canal structure either within the delta or skirting it. This section could generate controversy as environmental groups and Democrats have objected to anything that would increase or even maintain the current level of water exports to Southern California.

The other three versions lean more toward a proposal from Senate President Pro Tem Don Perata (D). The state senator in October floated his own $6.8 billion water bond initiative, but he has since stepped back from actively pursuing the issue while negotiations in the Legislature continue, according to his staff. A Schwarzenegger aide likewise said the governor is still talking with lawmakers about their options outside the scope of a bond issuance.

All versions call for creation of a California Water Infrastructure Commission made up of seven members charged with soliciting and awarding contracts for the construction of new facilities. Two non-voting members would be the secretary of the Resources Agency and the director of the Department of Water Resources. The governor would nominate the other five, all of whom would have to win confirmation by a two-thirds vote of both the Senate and Assembly.

'Still doable'

A special legislative session ongoing at press time had so far failed to generate a compromise, but Senate Democrats in the state were still hoping for a resolution.

"Things are close," said Perata spokeswoman Alicia Trost. "A legislative deal is still doable."

According to sources in the state capital, Senate Democrats were close to a deal with Schwarzenegger prior to Thanksgiving, but an agreement broke down because of a lack of enthusiasm among Republicans. Problems include determining the amount of money devoted to infrastructure and how to oversee the new spending.

"We were willing to add a pot of $4 billion for surface storage, but we wanted that money to go through the budget process," Trost explained.

But Republicans wanted more money and fewer restrictions on how the funds are allocated. The special session is ongoing, and some expect the Legislature to come back after the new year to continue haggling over this issue and a budget impasse.

Though he has not made a formal comment on the initiatives, Perata is said to be opposed. "They certainly don't help the negotiations," Trost said.

Backers of the bond proposals defend the idea as more of a last-ditch effort than the preferred methodology.
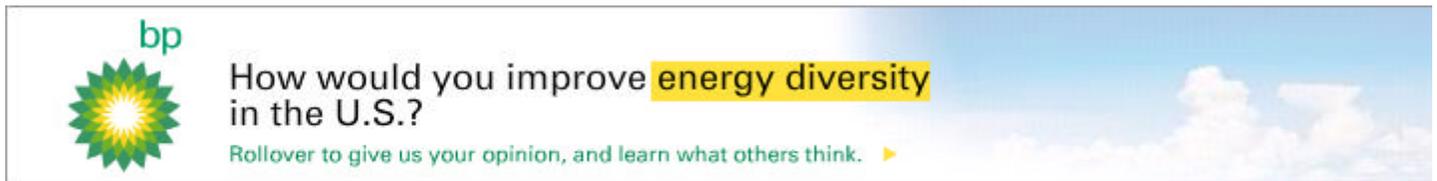
"Everyone recognizes something needs to be done," Quinn said. "Our system is simply not up to the challenges of the 21st century."

Republican leaders were not available for comment, and proponents of the initiatives declined to go further than their formal statements.

Click here to read the most detailed version of the proposed initiative.