

Dam It!

FUNDING ESTIMATES FOR TWO RESERVOIRS HAVE INCREASED; WILL THEY GET THE MONEY?

By Michael Müller

As often seems the case, action taken last month on the proposed Sites and Temperance Flat reservoirs included good news and bad news. Below are the newly released and updated public benefit assessments (proposed funding) by the State Water Commission for both reservoirs. These are compared to the February estimates by the commission for each project.

- The public benefit value of Sites Reservoir, the off-stream reservoir proposed west of Maxwell, was put at \$933.3 million, an increase from February's \$662.3 million.
- Temperance Flat Reservoir, proposed on the San Joaquin River above the existing Friant Dam, was given a public benefit of just \$171.3 million. It was given a public benefit of zero in February.

The money comes from the Proposition 1 water bond which was approved by 67 percent of the voters in 2014. Gov. Brown signed the bond in August 2014; he was joined in a signing ceremony by Assembly Republican Leader Connie Conway (R-Tulare) and Senate Leader Darrell Steinberg (D-Sacramento).

Key to the California Legislature's bipartisan approval was the inclusion of \$2.7 billion in funding for surface storage. Without funding for dams, the bond would have failed in the Legislature or been rejected on election day. To assure passage, bond writers depoliticized spending by providing a review of proposed projects by the State Water Commission, which has until the end of 2021 to allocate the funds.

Two other dam projects fared better in the commission's updated review. The public benefit of the Pacheco Reservoir expansion in Santa Clara County jumped from zero to \$484.5 million. The Los Vaqueros Reservoir expansion in Contra Costa County increased from zero to \$422.6 million.

Four other groundwater banks – one in Sacramento County, one in southern San Joaquin Valley, two in Southern California – were given public benefits ranging from \$72.5 million to \$171.3 million.

The total public benefit estimates are just under \$2.6 billion. Bond service and administration take up the rest of the \$2.7 billion in the proposition.

There's good news and bad news in all of this. The good news is straightforward: The funding estimates for all projects increased since February. Commission staff met with project proponents,

received additional information and updated their estimates.

The bad news is that their estimates don't reflect the real world for California's two largest water projects. The Sites Reservoir is a \$5.2 billion project that was requesting \$1.388 billion

from the bond. Commission funding of \$933.3 million creates a nearly \$400

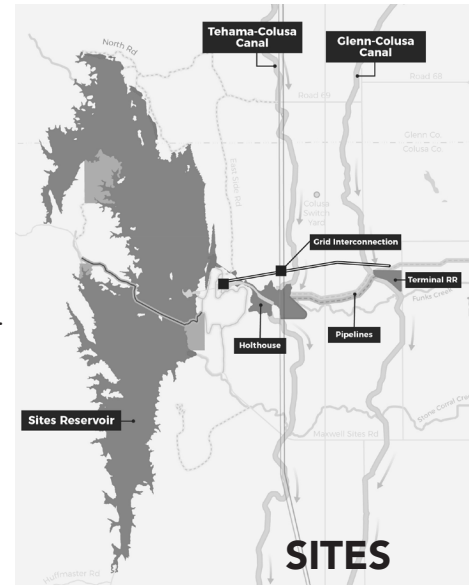
million shortfall. It's even worse for Temperance Flat, which fell \$884 million short with the commission. To make things worse, the estimates are actually a ceiling or the maximum funding possible. The projects may not receive that much money.

This means that the future of Temperance Flat does not look good, and that the statewide increase in surface storage may not be nearly as large as expected by the voters when Proposition 1 was approved at the ballot.

Voters had this expectation for good reason. The Orange County Register endorsed the water bond stating, "Meanwhile, there is much to commend in Prop. 1's key funding areas. None more important than the \$2.7 billion that would go to new water storage, including dams." The Sacramento Bee also endorsed the water bond stating, "Money for dams is essential and part of the multi-pronged water strategy that we have long endorsed."

However, in 2014, the Pacific Institute analyzed the water bond and warned, "While some reports suggest that the storage funds will go to surface dams and reservoirs, this is by no means certain." Unfortunately, that warning may ring true in 2018.

At CAWG's Day in the Capitol in April, growers met with legislators about critical issues, including the need for increased surface storage. Many lawmakers shared our concerns and their response to the commission's recent action was immediate.



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2018 CAWG Summer Conference

JOIN US IN NAPA!

We had a great turnout last year at the Silverado Resort and Spa in Napa, so we are headed back and hoping for even stronger attendance this year. Plus, it's a wonderful way to support the community after last year's wildfires. The three-day event is a great opportunity to learn from industry experts, network with fellow members and industry colleagues, honor leaders...and have fun!

REGISTRATION, SPONSORSHIPS AND HOTEL

Details are posted on CAWG's website (Calendar & Events tab). Please contact our office at 916-379-8995 if you are interested in sponsorship opportunities. CAWG has negotiated a discounted room rate of \$249 at the Silverado Resort and Spa (book by June 15 for this rate). To book under the CAWG room block, contact the hotel at 707-257-5440.

JULY 16 — CAWG board of directors meeting.

JULY 17 — CAWG Summer Conference. The speaker program will feature presentations from wine industry experts on key 2018 issues. CAWG's annual business meeting will follow.

JULY 17 — 7th annual Awards of Excellence Program: includes reception, dinner and awards ceremony for CAWG Leader of the Year and CAWG Grower of the Year.

JULY 18 — 7th annual CAWG PAC Golf Tournament at the Silverado Resort Golf Course (8:30 a.m. shotgun start), followed by an awards ceremony and reception.



Country Club

SILVERADO

Support CAWG PAC: Join Us at Vine Hill Ranch in Napa Valley



CAWG PAC

A strong CAWG PAC means we can have a meaningful impact in Sacramento and Washington, D.C. Your continued support is vital. If you engage in the political process, you can be a successful advocate for the winegrape industry and make a difference. Please join us at our upcoming

event, which includes entertainment, appetizers, wine tasting and networking, plus an update on the CAWG PAC.

WHEN: May 31 / 5:30-8:30 p.m.

WHERE: Vine Hill Ranch, Oakville

EVENT HOSTS: Napa Wine Company / Yount Mill Vineyards, Vine Hill Ranch and Walsh Vineyards Management.

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Sen. Andy Vidak (R-Hanford) said, "Many of my Central Valley legislative colleagues are furious that the staff at Gov. Jerry Brown's Water Commission have rigged the system so the recently announced proposed funding for Temperance Flat Reservoir is just that – flat."

Between May and July, the commission staff will rank the projects. In July, the commissioners will review those rankings and allocate the money. That doesn't mean the projects get the money at that time. They still have to secure necessary environmental permits and the rest of the funding needed for that project.