Proposition 1E: Disaster Preparedness and Flood Prevention Bond Act – Nunez

Staff Recommendation: **SUPPORT**

Board Recommendation (9/29/06)**:** **SUPPORT**

Rationale:

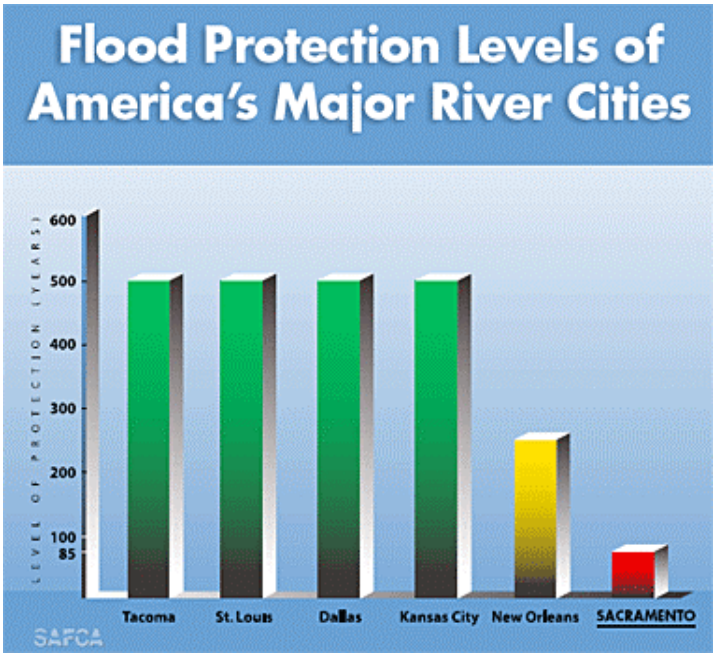
Proposition 1E would allow the state to sell $4 billion in general obligation bonds that will make necessary improvements to the Sacramento-San Joaquin Delta, thereby further protecting a viable source for our water supply.

The results of Hurricane Katrina have shown a lack of preparedness in California for natural disasters. The California levee system is in need of serious improvements to prevent devastating damage to our neighboring cities and communities. The costs of repairs and reconstruction following a disaster such as Katrina would far outweigh the $4 billion proposed by this measure.

Despite the small amount of funding directly allocated towards the San Diego area, the protection of the Sacramento-San Joaquin Delta and surrounding levees is of the utmost importance to San Diego residents. 85% of the water San Diego residents use each year is imported. Of this amount, an average of 40% is imported from the Delta. If the levee system were to break, San Diego residents can expect to lose up to 30% of our imported water. Until residents are able to receive water from another source, protection of the water sources in the north must be considered.

Background:

Prop 1E is a reaction to 2005's Hurricane Katrina, which was the most destructive and costliest natural disaster in the history of the United States. Even before Hurricanes Katrina and Rita, Sacramento was considered the major American city most at risk for catastrophic flooding. The hurricane and its aftermath dramatically raised state awareness with regard to the current condition of flood control in the Central Valley.



Source: CA Department of Water Resources

On February 24, 2006, Governor Schwarzenegger declared a state of emergency for California's levee system. On February 27, he requested that President Bush declare a state of emergency for California, focusing on 24 critical levee erosion sites located in the Sacramento-San Joaquin Delta identified in a December 2005 U.S. Army Corps of Engineers report. On March 6, Schwarzenegger signed Executive Order S-01-06, directing the Department of Water Resources (DWR) to develop and implement a plan to complete repairs at the 24 critical levee erosion sites by the end of this year.[1]

AB 142 (Flood control: levee repair and flood control systems), which was passed earlier this year, appropriated $500 million from the General Fund to the Department of Water Resources for levee evaluation and repair, and flood control system improvements. Levee repairs for the critical levee erosion sites identified under the Executive Order are to be made with funds appropriated pursuant to AB 142.[2]

The 29 identified critical erosion sites currently under repair by DWR and the US Army Corps of Engineers are located in the counties of Colusa, Sacramento, Solano, Sutter, Yolo and Yuba. Estimate costs for repairing all the sites are set at approximately $150 million.

Importance of the Sacramento-San Joaquin River Delta (Delta):

The Sacramento-San Joaquin Delta is a region where five major rivers, including the Sacramento River and the San Joaquin River, meet. The area consists of 57 levied island

[1] Office of the Governor – Executive Order S-01-06. Mar 6, 2006. Web: http://gov.ca.gov/index.php/executive-order/555/

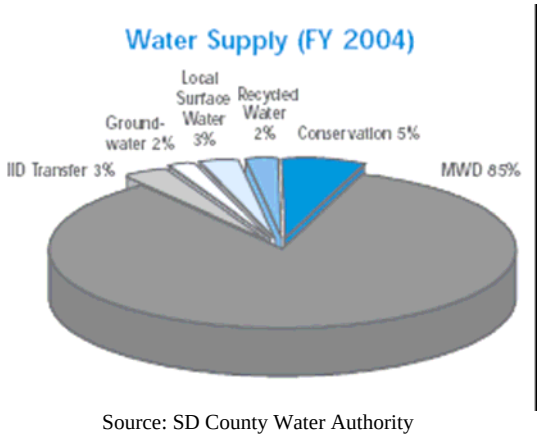
[2] The text of AB 142 can be found online here: http://www.leginfo.ca.gov/pub/bill/asm/ab_0101-0150/ab_142_bill_20060519_chaptered.html

tracts and 700 miles of sloughs and winding channels. Most of the agricultural islands sit below sea level and are protected by a system of levees.[3]

The area includes small town communities, ship ports, farmlands, industries, highways, historical sites, and marinas. The two major population centers are Sacramento and Stockton, with San Francisco and Fresno located about a two-hours drive from the Delta

The Delta provides drinking water for 22 million people, a significant portion of the state's population of 36 million. The water supply supports California's trillion-dollar economy (ranked 5th largest in the world) and its $27 billion agricultural industry. [4]

The San Diego region currently imports 85% of its water through the Metropolitan Water District of Southern California to fulfill the water supply needs of the region's 3 million residents and $142 billion economy. The water imported through MWD comes from both the Colorado River and the State Water Project, which is located at the Sacramento-San Joaquin River Delta. According to the San Diego County Water Authority, the breakdown of that 85% imported water varies during the year. A fair estimate places the amount of water received from the State Water Project at about 40% on average. MWD itself receives about two-thirds of its total imported supply from the State Water Project, and plans to continue importing the majority of its water from this source for the foreseeable future.[5]

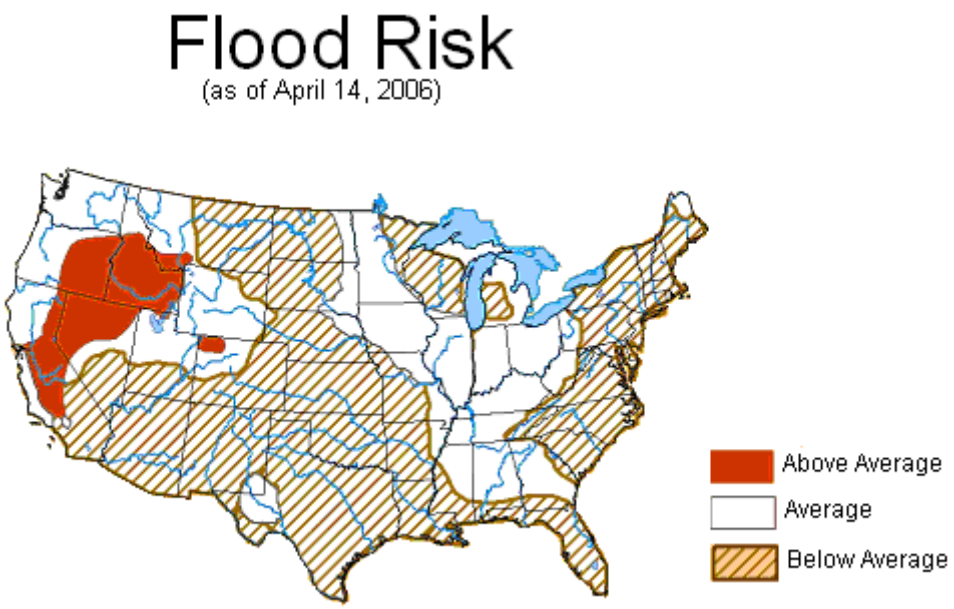


Source: SD County Water Authority

Although the Water Authority plans to significantly diversify its water supply portfolio within the next two decades, the agency's predictions for the year 2020 places water imported from MWD at 24-33% of the region's water supply—still a significant portion of the county's overall water portfolio.

[3] California Dept. of Water Resources and California Delta Chambers and Visitors Bureau
[4] California Dept. of Water Resources: http://www.publicaffairs.water.ca.gov/swp/delta.cfm.
[5] E-mail correspondence with Mark Stadler, San Diego County Water Authority.

Current statewide risk for flooding:

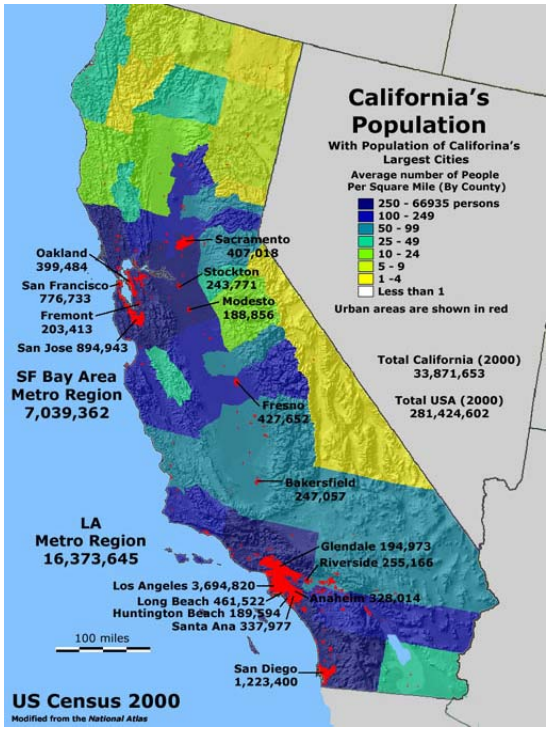


Source: 2006 National Hydrologic Assessment[6]

As illustrated in the map above, the National Weather Service (NWS) included the Delta region in its 2006 national assessment of flood risk. The most recent flooding in the area has been attributed to a prolonged wet period combined with the melt of an above average snow pack. Citing problems with a number of small levees, the NWS' Hydrologic Information Center expressed concerns over how continued high flows would affect the integrity of other levees.[7]

The map and table below take a closer look at potentially affected areas in terms of population. Areas at risk include some of the more heavily populated counties.

[6] From the National Weather Service – Hydrologic Information Center: http://www.nws.noaa.gov/oh/hic/nho/
[7] Ibid



*Population within Sacramento-San Joaquin River Delta by County**	
Alameda	1,448,905
Contra Costa	1,017,787
Sacramento	1,363,482
San Joaquin	664,116
Solano	411,593
Yolo	184,932
	5,090,815
California:	**36,132,147**
Percentage of state population directly impacted by flooding in the Delta:	**14.09%**

** A portion of Rio Vista is also located within the Delta)*

2005 estimate taken from the U.S. Census Bureau:

How flood control works locally and in the Central Valley (responsibility at each level: federal, state and local):

The Department of Water Resources is in charge of maintaining the states federally designate project levees and channels. DWR also maintains local levees where the levees provide broad system benefits and where local agencies are unable to perform satisfactory maintenance. Examples of financial assistance to local agencies include funding for the Santa Ana River Mainstem flood control projects (spanning Orange, Riverside, and San Bernardino Counties) and the Sacramento-San Joaquin River Delta Region.

- **Central Valley:** The state Central Valley flood control system includes about 1,600 miles of levees and a series of overflow weirs and channels. Primary responsibility for flood control in the Central Valley rests with the state, which directly funds the construction and repair of flood management structures such as levees, typically with a federal and local cost share. The state has turned over the operations and maintenance of approximately 80% of the levees to local governments (primarily local flood control districts). The state retains ultimate responsibility for these levees and the system as a whole.
- **Sacramento-San Joaquin Delta:** The Delta contains over 1,000 miles of local levees that are generally maintained by local reclamation districts.

Local agencies are in charge of maintaining most project levees and channels of the San Joaquin River system.

State funding sources for flood management programs:

State Funding for Flood Management

Year	Bonds	*Amount*
1996	Proposition 204: Safe, Clean Reliable Water Supply Act	$60 million
2000	Proposition 13: Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act	$292 million
2002	Proposition 50: Water Quality, Supply and Safe Drinking Water Projects, Coastal Wetlands Purchase and Protection	$70 million
2006	Proposition 84: The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act *Prop 84 has yet to be passed	$800 million
		$ 1.222 billion

General Fund: main fund source for state flood management programs (DWR)

Fiscal Year	Amount
2004-05	$39 million
2005-06	$170 million
2006-07	$108 million

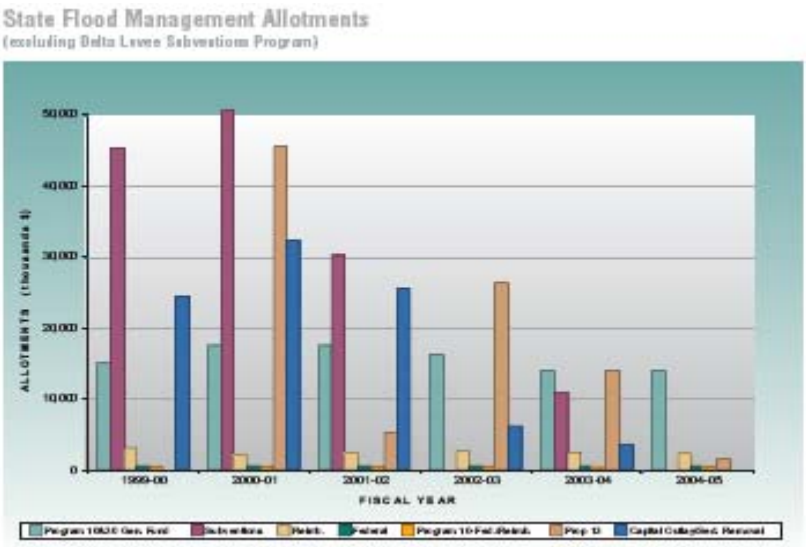
http://www.lao.ca.gov/2006/major_features/major_features_2006.html#VIII

The General Fund is the primary source of funding for *state-sponsored* flood control projects, which are mainly located in the Central Valley. State funding for these programs varies from year to year. Funding depends on the availability of General Fund dollars and bond funding. Since the 2000-2001 fiscal year, annual state funding has varied from a low of $60 million in 2002-2003, to a high of $270 million in 2000-2001. Since 1996, voters have authorized general obligation bonds totaling $400 million. These funds have been allocated directly to flood management purposes.

Local governments, including flood control districts and other public water agencies, operate their own flood management programs and projects. Funding for these projects come from various sources, including property assessments and, in some cases, financial assistance from the state. While the state has no oversight role with respect to local levee construction or maintenance (700 miles of Delta levees are located outside the state system), the state provides financial assistance to the Delta region's local flood control districts for the purpose of rehabilitating and maintaining levees.

Decreased funding for flood control:

According to a 2005 DWR report, investment in flood management has been reduced at all levels of government. At the local level, Props 13 and 218 have drastically restricted local governments' ability to use property taxes or benefit assessments to generate revenue for flood control districts.[8] On the state level, there has been a decrease in General Fund allocations, and available federal funding has gone down due to the government in 1996 reducing the maximum it will pay for new flood control projects from 75% to 65% of the total cost.[9]



At this point of time, the state owes many local agencies reimbursement for its share of the cost for flood projects. According to DWR, the current total of subventions claims on hand as of August 16 2006 is $169,483,300.[10] Of that amount, $598,475 is owed to San Diego County for the San Luis Rey River project.[11] The current total of unpaid claims on hand combined with retentions owed on previously reviewed claims awaiting final audits and the projected amount of claims that are to be submitted this fiscal year is $250,532,978. Of that, San Diego stands to receive $1,128,432.[12]

State liability for flood damage:

In 1986, the failure of a levee in Yuba County inundated 7,000 acres land and flooded hundreds of homes and shopping center in the area. The Linda levee, as it was known, was originally constructed by local agricultural interests and then incorporated into the federal Sacramento River Flood Control Project (SRFCP) until the project was turned

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[8] Prop 13 locked property tax at 1975 values with a 2% increase per year. Prop 218 requires that local assessment increases be approved by two-thirds of the voters.

[9] Flood Warnings: Responding to California's Flood Crisis. Flood Management White Paper. Executive Summary. State of California. The Resources Agency. Department of Water Resources. January 2005. Web: http://www.publicaffairs.water.ca.gov/newsreleases/2005/01-10-05flood_warnings.pdf.

[10] E-mail correspondence with Dena N. Uding, Chief of Flood Control Subventions Program., Department of Water Resources. Updated totals can be found online at: http://www.fcpsubventions.water.ca.gov under "Budget Info."

[11] http://cdec.water.ca.gov/fcpsubventions/CLAIMS.2006Q02.html

[12] http://www.fcpsubventions.water.ca.gov/files/CurrentStatus_February2006.xls

over to the state in 1953. At the time, the transfer agreement required the state to assume responsibility for operation and maintenance of the state with the federal government held as harmless from any future liability claims. The state later turned over the levees, including the Linda levee, to the local reclamation districts for maintenance and operation, but the state retained overall responsibility for the project.

Subsequent to the levee breach and the resulting flood, affected parties filed suit against the local reclamation district. A trial court ruled in favor of the state in 2001, but in the November 2003 *Paterno vs. State of California* decision the California Court of Appeal ruled that the state was liable. An appeal to the California Supreme Court was refused, and the state was ultimately for $464 million in damages.[13]

The Paterno decision found that when a public entity operates a flood control system built by someone else, it accepts liability as if it had planned and build the system itself. The end result of the case is that the state must legally assume financially liability for flood damage when a state-controlled system fails.

Local agencies also bear financial responsibility following the *Arreola v. Monterey County* decision of July 2002. In that decision, local agencies were held liable for 1995 flood damages to property owners resulting from a failure to property maintain the Pajaro River project.[14]

Given the probability of significant future flooding event, the financial implications of the Paterno and Arreola cases are substantial for California taxpayers.

Current state of flood preparedness- State:

According to the DWR, California's flood protection system is in critical need of upgrade and repair. DWR gives the following reasons for the current situation:

- Growing population and escalating development in areas vulnerable to flooding (the state population is projected to reach 50 million within the next two decades).
- Aging infrastructure with major design deficiencies, further weakened by deferred maintenance.
- Reduced state and local funding
- Court decisions resulting in greater State flood damage liability (Paterno case).

The state's flood protection system is approximately 50 years old. In the Central Valley, many levee reaches were built over a century ago on unstable foundations and DWR has observed significant deterioration of the levee system over time. Part of the deterioration is due to flaws in the original design and part is due to deferred maintenance.

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[13] Legislative Analyst Office: Analysis of the 2005-06 Budget Bill. February 2005.

[14] Flood Warnings: Responding to California's Flood Crisis. Flood Management White Paper. Executive Summary. State of California. The Resources Agency. Department of Water Resources. January 2005. Web: http://www.publicaffairs.water.ca.gov/newsreleases/2005/01-10-05flood_warnings.pdf.

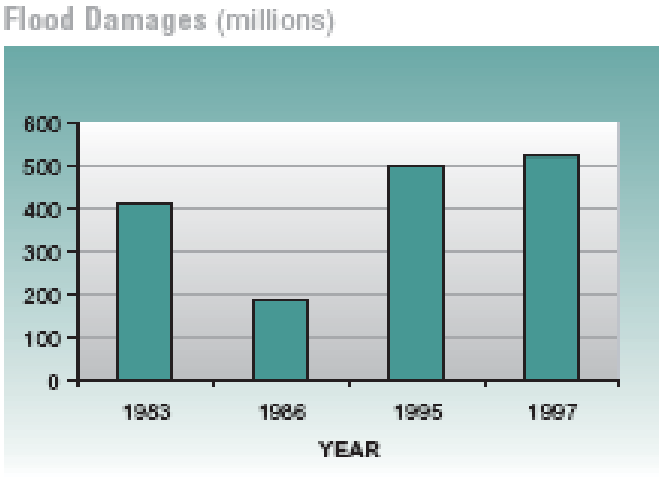
The current backlog of deferred maintenance is primarily due to DWR's lack of assets. Since 1986, the number of maintenance staff members has dropped from 81 to 53. The drop in manpower has taken its toll. For example, in the 8 years between 1983 and 1991, DWR removed 10 million cubic yards of sediment. Over the past 11 years however, less than 3 million cubic yards have been removed, amounting to an 80% decrease in productivity. In the early 1970s, flood channels were cleared at a rate of 7,000 acres/year. The current rate is 1,000 acres/year.

DWR has a backlog of nearly 200 erosion sites totaling 120,000 linear feet. Repairs now cost as much as $5,000 per linear foot, as compared to $300 per linear foot in the early 1980s. Estimates put the cost to repair these sites at approaching $600 million.

DWR projects that, with the current system, the next major flood could easily overwhelm the state's flood protection infrastructure, resulting in catastrophic consequences for the area's people, property and environment. The State would also have to pay out millions, or even billions, of dollars every time a levee break occurs in the system.

The 1997 flood provides an example. During that flood there were over 30 breaks on federal project levees. 120,000 people were forced from their homes and 30,000 residential and 2,000 business properties were destroyed.

A more recent example is the levee break on the Upper Jones tract in the South Delta. The cost amounted to $100 million for emergency response, damage to private property, levee repair and pumping water from the island. There were also additional costs associated with water supply losses and conveyance.



Flood Damages Caused by Recent Flood Events in the Sacramento and San Joaquin River Basins (from Sacramento and San Joaquin River Basins, California, Post-Flood Assessment, U. S. Army Corps of Engineers, Sacramento District, March 1998)

Source: Dept. of Water Resources

The Sacramento-San Joaquin Delta is particularly at high risk for flooding. The Delta includes nearly 60 islands and tracts below sea level which depend on over 600 miles of marginal levees which have deficiencies associated with long term levee settlement and island subsidence. More than 140 levee failure and island inundations have occurred during the past century, and with climate change, the general trend is for flood flows to be higher than anticipated.

DWR notes that the financial impact is higher in rural and economically disadvantaged communities unable to invest in flood control improvements.[15]

Proposal:

BALLOT LABEL

DISASTER PREPAREDNESS AND FLOOD PREVENTION
BOND ACT OF 2006

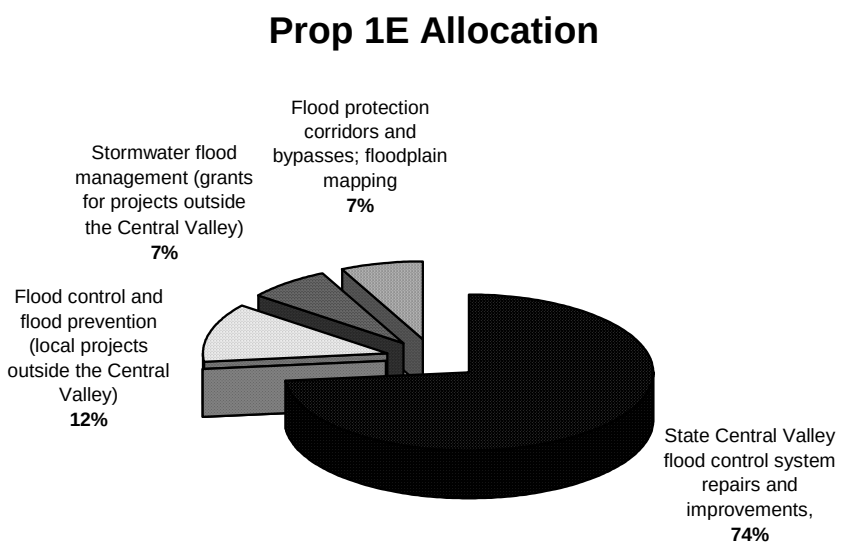
This act rebuilds and repairs California's most vulnerable flood control structures to protect homes and prevent loss of life from flood-related disasters, including levee failures, flash floods, and mudslides; it protects California's drinking water supply system by rebuilding delta levees that are vulnerable to earthquakes and storms; by authorizing a $4.09 billion dollar bond act. Fiscal Impact: State costs of approximately $8 billion over 30 years to repay bonds. Reduction in local property tax revenues of potentially up to several million dollars annually. Additional unknown state and local operations and maintenance costs.

[15] Ibid.

Allocation of funds:

Disaster Preparedness and Flood Prevention Bond Fund of 2006		
Allocation:	***Percentage***	***Amounts (in millions)***
State Central Valley flood control system repairs and improvements, State Plan of Flood Control levees, weirs, bypasses and facilities. Delta levee repairs and maintenance*	73.35%	$3,000
Flood control and flood prevention (local projects outside the Central Valley)	12.22%	500
Stormwater flood management (grants for projects outside the Central Valley)	7.33%	300
Flood protection corridors and bypasses; floodplain mapping	7.09%	290
Total		**$4,090**

* Not more than $200 million may be expended on a single project to improve or add facilities to the State Plan of Flood Control, excluding authorized flood control improvements to Folsom Dam



The entity responsible for allocating the funds would be the Department of Water Resources.

Additional provisions:

The bill would take effect immediately as an urgency statute, as would Props 1B-D as part of the governor's mega-infrastructure bond, multi-part bond measure.

Fiscal Effect:

The Legislative Analyst's Office estimates bond costs are based on bonds sold at an average interest rate of 5 percent, with principal and interest payments made from the General Fund over a period of 30 years. If passed, California will pay $266 million over the next 30 years as repayment for this bond.

Principal:	$4.1 billion
Interest:	$3.9 billion
Total cost:	**$8 billion**

The Department of Water Resources roughly estimates the cost to repair and upgrade Central Valley flood control system and levees in the Delta at between $7 and $12 billion.

Property Tax Related Impacts:

Under the measure, funding is provided for land acquisition by the state for flood management, which includes the development of bypasses and setback levees. As government-owned property is exempt from taxation under state law, local governments would receive reduced property tax revenues from acquired land. As the measure does not specify what portion of the bond funds will be used for acquisitions, the impact on local property tax revenues is unknown. The LAO estimates a potential impact up to several million dollars annually.

Operational Costs:

The additional costs to operate or maintain the properties purchased or projects developed by state and local governments remain unknown.

Accountability and oversight:

The bond measure creates the Disaster Preparedness and Flood Prevention Bond Finance Committee for the purpose of authorizing the issuance and sale of the general obligation bonds. The committee consists of the Controller, the Director of Finance, and the Treasurer, or their designated representatives.

In expending the funds, the governor would be responsible for:

- Securing the maximum feasible amounts of federal and local matching funds
- Prioritizing project selection and project design to achieve maximum public benefits from the use of these funds
- Submitting an annual Bond Expenditure Disaster Preparedness and Flood Prevention Plan, which would describe in detail:
  - Proposed expenditures of bond funds
  - Amount of federal appropriations and local funding obtained to match those expenditures
  - An investment strategy to meet long-term flood protection needs and minimize state taxpayer liabilities from flooding

The Secretary of the Resources Agency (DWR) would provide for an independent audit of expenditures in order to ensure that funds are expended in accordance with the requirements of the ballot language. The measure also calls for a list of all program and project expenditures will be published in written form and posted on the Resources Agency's website, on an annual basis.

The Department of Water Resources assumes that grants allocated for projects outside the Central Valley will be allocated in much the same manner as grants allocated under 2000's Prop 13 (*Safe Drinking Water, Watershed Protection and Flood Protection Act*).[16] The Department selects, approves, funds, and monitors projects funded by grants under this program. Local public agencies or qualified nonprofit organizations may apply for Prop 13 grants upon annual notice given by the Department that project proposals are being solicited. The Department's Project Evaluation Team reviews and evaluates each proposal, with the process continuing through the Department staff and Director, and then to a public hearing.[17]

One concern with reviewing this measure is that no mention is made of a cap on administrative costs. Often, state bond measures such as Prop 50 impose caps of about 5% per allocation by program or department. When questioned, the DWR responded that placing a cap on 1E would be very difficult due to great variations in the administration of funded programs.[18]

Additional funding for projects may be obtained by utilizing federal and local matching funds.

Local funding for flooding preparedness:

Like Proposition 84, most of the benefits San Diego will be receiving from this measure can be considered "indirect", in that the money will be spent outside of our region. The benefits may also be viewed as direct if the projects from this measure help make our imported water supply from the Delta, which provides close to half of our imported water, more reliable. San Diego County is in line to receive $950,000 in direct funding for flood control projects along the San Luis Rey and Sweetwater rivers and would be eligible to compete or some of the $300 million allocated for Stormwater Flood Management.

San Diego County does not receive direct funding for flood control projects through state or federal channels, rather, receives funding through grant applications. Even though there are no direct allocations to San Diego from Proposition 1E, the county is able to apply for competitive grants for projects. Two other projects that are of high priority within San Diego are located in Lakeside and El Cajon. Both cities contain areas that are flood risks to their respective communities, and relief is necessary to prevent flooding. The cost of the Lakeside project is estimated to cost $10 million, and the El Cajon project is estimated to cost $4 million. San Diego did not receive funds from the $70 million set aside for flood control within Proposition 50, but rather received only funding for water quality projects. Within Proposition 1E, $500 million is specifically allocated towards

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[16] Phone interview: Rick Soehren, Water Policy Advisor, CA Dept. of Water Resources. Aug 14, 2006.
[17] Text of Regulations may be found at the Dept. of Water Resources Flood Management site here: http://www.dfm.water.ca.gov/fpcp/text/final_regs.doc
[18] E-mail correspondence with Rich Soehren, Water Policy Advisor, CA Dept. of Water Resources: "It would be very difficult to place a cap in 1E because administration of programs funded by the bond will vary greatly. For example, grants under the 'flood protection corridors and bypasses' section could appropriately be administered for about 5%. However, the same section includes funds that would go to DWR for surveys to identify flood hazards. Depending on the definition of "administrative costs," this component could be more than 5% of the total for this activity."

state subvention funding. San Diego is owed $598,475 from the state for projects relating to the San Luis Rey River.

Proposition 84 Funding for Flood Control:

Water Bond Trust Fund: Flood Control *(14.85% of total)*				
§7503(#)	***Amount ($)***	***Percentage***	***Recipient***	***Purpose***
(1)	$30,000,000	3.75%	Department of Water Resources	Floodplain mapping, assisting local land-use planning, and avoidance/reduction of future flood risks and damages
(2)	$275,000,000	34.38%	Department of Water Resources	Flood control projects including improvement, construction, modification and relocation of food control levees, weirs or bypasses, improvements to the department's emergency response capability, environmental mitigation and infrastructure relocation costs, and implementation of a multi-objective management approach for floodplains
(2.5)	$40,000,000	5.00%	Department of Water Resources	Flood Protection Corridor projects
(3)	$275,000,000	34.38%	Department of Water Resources	Delta flood control projects to improve emergency response preparedness and reduce potential for levee failures
(4)	$180,000,000	22.50%	Department of Water Resources	Funding state's share of nonfederal costs of flood control and prevention projects
TOTAL	**$800,000,000**	**100.00%**		

Chapter 3 within Proposition 84 allocates $800 million to the Department of Water Resources for the purpose of flood control programs. The figure above outlines the amount of money dedicated to specific projects within the Department of Water Resources. There are programs within Proposition 84 that have funding overlaps with projects within Proposition 1E. Totals for these programs are outlined below:

Overlap of Prop. 84 and Prop. 1E Funds					
	Floodplain Mapping	Floodcontrol Repairs and Improvements	Floodcontrol Corridor Projects	Delta Improvements	Funding state's share of nonfederal costs of flood control and prevention projects
Proposition 84	$30,000,000	$275,000,000	$40,000,000	$275,000,000	$180,000,000
Proposition 1E	Up to $290,000,000	Up to $3,000,000,000	Up to $290,000,000	Up to $3,000,000,000	$500,000,000
Total	**Up to $320,000,000**	**Up to $3.275 Billion**	**Up to $330,000,000**	**Up to $3.275 Billion**	**$680,000,000**

SDCTA position on prior measures:

As seen in the table describing current funding for flood management, a portion of that funding comes from three previous bond measures together amounting for $422 for flood control.

In 1996, SDCTA supported Prop 204 (*Safe, Clean, Reliable Water Supply Act*). Prop 204 provided for a bond issue of $995 million to provide funds for a variety of programs including safe drinking water, increased water supplies, and removing pollution from rivers and streams. $60 million of the bond went to flood management. SDCTA's rationale for supporting the measure was that the planned improvements were much needed and, given the support of diverse groups, the bond measure appeared to be a workable compromise. It was also judged that the state could handle the extra costs required to pay off the bond debt.

2000's Prop 13 (*Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act)* provided $292 million for flood control out of the $1.97 billion measure. SDCTA supported Prop 13, giving the rationale that San Diego would benefit from the bond in that it could apply for funds for local projects.

The latest successful bond measure to provide funding for flood management was 2002's Prop 50 (*Water Quality, Supply and Safe Drinking Water Projects, Coastal Wetlands Purchase and Protection).* $70 million of the total $3.44 billion in bond funds went to the flood control. SDCTA opposed the measure, basing its decision that San Diego's portion of the bond was estimated at a mere $100 million of the total.

Arguments of the Proponents:

- California is continually at risk for natural disasters such as floods, and Hurricane Katrina provided a critical lesson that the state's levees and flood control systems cannot be neglected. Building safeguards now will limit the impact of future disasters.
- Prop 1E expedites urgent projects to protect homes and lives across the estate. Bond funds would allow for evaluation and repair of the flood control system, such as repairs and improvements to levees and flood control facilities and increased protection for urban areas. This is necessary to address the infrastructure needs for California's rapidly growing population.
- Repairing flood control systems will also protect the drinking water supply by updating outdated flood control systems, which can cause pollution, and replacing overused and antiquated wastewater systems, which cause spills and overflows.
- Prop 1E won't raise taxes to pay for infrastructure improvements and includes strict accountability through annual audits and tough fiscal safeguards.

Signors/ Supporters for the Arguments in favor of Prop 1E:

- Henry Renteria – Director, California Office of Emergency Services
- Michael L. Warren – President, California Fire Chiefs Association
- Linda Adams – Secretary, California Environmental Protection Agency

Arguments of the Opponents:

- Prop 1E lack clear priorities and does not place any controls on how private organizations can use allocated funds
- There is no funding for clean drinking water supplies, which should be first priority given the state's growing population
- Prop 1E will not provide nearly enough funding to repair the state's 2,000 miles of levees.
- The state pays for projects that local and federal governments should be paying for. The Federal government should be responsible for levee repair projects, and California taxpayers will ultimately have to foot bill.
- Prop 1E benefits local urban projects at the expense of rural areas.
- Funds spent on flood control means less money available for more important priorities like education, health care or public safety.

Signors for the Arguments in opposition to Prop 1E:

- Thomas N. Hudson – Executive Director, The California Taxpayer Protection Committee

CH/CC