

Our View: State's water-crisis approach all wet

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The good news is the state Legislature and Gov. Arnold Schwarzenegger reached an historic agreement to solve California's largely self-imposed water crisis. The bad news is they want Californians to pay a lot for it over a long period of time. And even if voters reject the \$11.1 billion price tag, they still will be stuck with a host of new regulations, including a mandatory 20 percent reduction in water use by 2020.

The legislative package ambitiously addresses many critical issues, including increased water storage, improved conveyance, Sacramento-San Joaquin Delta restoration, ecosystem protection and groundwater monitoring. Although there is no express provision for a canal to re-route Delta water to users in the south, the legislation is said to provide "a path" for a canal diversion if environmental concerns are mitigated.

After approval of the landmark legislation, key lawmakers and the governor celebrated Wednesday with mutual admiration and self-congratulations, patting each other on the back for doing what they should have been doing for decades: addressing the ever-growing demand for water in the nation's largest state. It's the first major action on water infrastructure since there were half as many Californians, nearly 50 years ago.

One problem with their solution is that it's far from a done deal. And even if voters approve the bonds next year in a statewide election, taxpayers will be saddled with enormous additional debt — \$600 million in annual payments for 30 years. Judging from recent history, that may be only the tip of the fiscal iceberg. Legislators didn't cut state spending a corresponding amount Wednesday. Moreover, the current budget is again expected to run multiple billions of dollars in the red.

Aggravating the problem is using general-obligation bonds. We agree with Reed Royalty of the Orange County Taxpayers Association: "My general preference would be to use revenue bonds rather than (general-obligation) bonds because revenue bonds are paid off by the people who use the service."

General-obligation bonds dilute the financial pain by spreading it over the largest number of taxpayers. But administration officials said Wednesday local water agencies will use pay-as-you-go and revenue-bond financing to raise their share of improvement costs — \$2 or \$3 for every dollar the state bonds contribute.

We suspect voter approval won't be a sure thing once dissenting voices point out every dime to be allocated for parochial uses, such as \$1.7 billion earmarked for protection and restoration projects in 21 watersheds around the state, and for "coastal protection, wildlife refuge enhancement, fuel treatment and forest restoration."

If voters turn down the \$11.1 billion bonds, the rest of the water agreement finalized in the wee hours Wednesday morning still becomes law on Gov. Schwarzenegger's signature, including a 20-percent mandatory reduction in water use, a new unelected "stewardship" council to oversee the Delta area, many new conservation and water use regulations and 25 more state water inspectors to enforce the new and existing laws.

In the final analysis the state did what it does best: agree to spend billions of tax dollars and definitely impose more rules and regulations. Whether there's more water in this concoction remains to be seen.