

**SPOKEN TESTIMONY OF**  
**ASSEMBLYMAN JOSEPH CANCIAMILLA**  
**11<sup>TH</sup> ASSEMBLY DISTRICT**  
**CHAIRMAN OF THE**  
**ASSEMBLY WATER, PARKS & WILDLIFE COMMITTEE**  
**BEFORE THE**  
**CALIFORNIA PERFORMANCE REVIEW COMMISSION**  
**AT THE**  
**UNIVERSITY OF CALIFORNIA**  
**RIVERSIDE CAMPUS**  
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Mr.Chairman and Commissioners:

Thank you for inviting me to speak to you today. I will address two topics that are covered in Chapter 4 of the California Performance Review: water infrastructure and energy infrastructure.

With regard to water infrastructure, the CPR makes six basic recommendations which all merit some consideration. In fact, some of the recommended actions are already in process.

A recent example of the need to improve the operation and maintenance of California's water infrastructure arose when a levee broke on Jones Tract Island in the Delta. Several state, federal, and local agencies responded to the emergency, but then spent hours trying to determine what agency was responsible for fixing the break. Ultimately, all the agencies did a fine job in repairing the levee and beginning to restore the island's farmland, but having clear lines of authority would have saved several precious hours.

Returning to the specific recommendations in the CPR, the State Water Project is currently operated and maintained by the Department of Water Resources. It is an engineering masterpiece that serves drinking water to over half the people in the state.

The Project operation requires the services of dedicated engineers and operators 24 hours a day along with a program of ongoing repair and maintenance. The Project is the largest user of electricity in the state, as well as one of its largest generators.

In 1960, the voters of California passed a bond act to finance the building of the Project. Payments on the bond are made annually by the 29 contractors who receive the water, along with all the costs of operation and maintenance. The contractors pay for the full amount of water to which they are entitled, although the Project has never been able to deliver the full entitlement.

The CPR recommends that the SWP be spun off with its own governing Authority. The SWP is well suited for this type of recommendation. Although it is currently administered by DWR, the SWP is a self-contained operation that has its own separate source of funding. Removing the SWP from DWR would relieve DWR of a major burden, and, depending on the makeup of the Authority, give the contractors and local agencies a greater role in operating, maintaining, and improving the project so long as the overall integrity of the project is maintained for the benefit of the entire state.

With respect to the CALFED program, The CPR points out that CALFED is behind schedule and underfunded. It lacks performance measures to show what progress is being made with the funds being expended and has been hampered by the lack of federal funding and direction. The CPR recommends that the CALFED program be audited to determine what progress has been made and to develop performance measures for evaluation of future expenditures and also recommends that the Authority be given approval authority for strategic plans, performance measures, and prioritized implementation actions and budgets.

The CALFED program is an innovative attempt to reconcile a large number of conflicting interests. For years, state and federal agencies regulating water quality, fisheries, and operating the CVP and SWP, were often operating at cross-purposes. The effort to bring these agencies together and reduce these conflicts has been partially successful, as it is a delicate balancing of many points of view and many sources of authority. It makes sense to give the authority more responsibility for setting its goals and priorities along with a strategic plan but only after the federal government is fully invested in the process.

The CPR calls for an update to the California Water Plan concept. It also calls for the integration of the Water Plan into a state general plan process. The CPR recommends as well that the Governor work with the Legislature to promote regional water planning.

Existing law requires that the Water Plan be updated every five years. The last update to the Water Plan was completed in 1998. The update that was to have been completed in 2003 has been delayed, largely because, despite considerable modernization of the concept and innovative thinking, the draft Water Plan totally failed to address the issue of above-ground storage. Although above-ground storage is a less popular concept in developing water resources than it was in the past, it is still an important tool in the development of water supply. To leave this entire means of developing water supply out of the Water Plan creates a gaping hole in California's water policy.

The CPR recommends the promotion of regional water planning. If there has been a success story in the field of water policy in the past ten years, it has been in the rise of regional, integrated water planning. More and more often, this concept is being used to resolve conflicts within and among regions, and to develop more efficient and cost-effective projects that solve multiple problems at the same time. It is very important that the state continue to promote integrated regional planning and multi-objective projects.

The CPR points out that implementation of water, parks, and wildlife grant programs are fragmented, cumbersome, and inefficient. Bond funds for water projects are distributed through a variety of agencies and sub-agencies, including DWR, the State Water Resources Control Board, the Department of Health Services, and others. Bonds, as the voters pass them, are not consistent with previous bonds and establish new programs, priorities, and requirements. Agencies that administer grant programs are required to deal with the differing nuances of each successive bond act. The latest water and land acquisition bond was developed by private entities, rather than by the Legislature and contained some conditions, drafting errors, and private priorities that complicated administration of the programs considerably.

Consolidation of grant programs would greatly improve the timeliness and efficiency of getting the money out. Consolidation would also help to control the cost of program administration. Another consideration that could help to improve bond administration would be development of a model for bond drafting. More consistency in developing criteria and using existing

programs instead of new ones would help a great deal in reducing confusion and conflicts.

With respect to the CPR's recommendations concerning flood control, and while much of flood control policy is driven by federal and local interests, the state's main role is to provide subventions, forecast flooding events, and to maintain a portion of the state's levee systems. The state has a backlog of claims for subventions, without adequate funding to pay for all of them. The amount of funds that will be available to pay flood control subventions in the future will depend on upcoming budgets or future water bonds.

Levee system integrity is one of the Bay-Delta Authority's major program areas. Given adequate funding the state could acquire land to create levee setbacks and wider floodplains, subject to local land use authority. Development of a long-term financing plan through this consolidated water planning process, for flood control is critical to prevent disasters.

Water policy issues are often divisive and lead to conflicts among a host of public and private agencies. And yet we have seen an increasing willingness among water users to work together on integrated regional planning and projects. Overall, the CPR makes valuable and useful recommendations in the area of water policy.

## ENERGY POLICIES:

As the author of AB 808, an energy reorganization bill that would have consolidated and dramatically reformed the energy policy making and operational functions of the State I fully support reorganizing energy operations to streamline the process and consolidate decision making under a Secretary of Energy appointed by the Governor.

It is clear that to date we have failed to address the real underlying causes of our recent energy crisis. Our lack of action in establishing a clear and concise statewide energy policy that expands our supply and transmission, capitalizes on the publics willingness to conserve and explores reliable renewable options is leaving us open to more blackouts and potential market instability. It is critical that we develop a decision making system that relies maintains system wide accountability and not one that depends on the willingness of a term-limited and attention limited legislature to hopefully act in some timely way to avoid a crisis. Whether through a model as I proposed or one that is more acceptable we must act quickly to create a model that encourages creative thinking and planning for the future.

I have attached a copy of my previous effort in this regard to my written comments and look forward to your thoughtful consideration.

Again, thank you for the opportunity to address you today on these important issues, I wish you luck in the development of your recommendations and look forward to working with you as they move forward.