



California State Senator, Fifth District

Lois Wolk

News

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State's budget crisis slows vital repairs to flood protection
Billions in pre-approved bonds stranded by budget gridlock

SACRAMENTO—California's budget crisis has delayed disbursements of bond funds approved by voters in 2006 for critical flood protection in California's Central Valley and the Sacramento-San Joaquin Delta region, federal, state, and local flood protection officials testified at the State Capitol yesterday.

"There are critical flood protection projects throughout the state awaiting allocations of pre-approved bond funds," commented Senator Lois Wolk after the special hearing of the Senate Select Committee Delta Stewardship and Sustainability, which she chairs. "Unfortunately, the interest in purchasing California bonds is directly tied to the state's bond rating, which is now one of the worst in the country because of the state's inability to deal with its structural budget deficit. Our budget gridlock is effectively putting the safety of thousands of Californians on hold."

Bond freezes, bond sales and other fallout from the state's budget crisis have stalled new flood protection projects, according to Natural Resources Agency Secretary Lester Snow.

"We've gone a very long period of time, compared to what we wanted to accomplish, without being able to do new start (projects). It's been very frustrating to a lot of the flood agencies," Snow testified. "With the financial difficulties and budget problems we've had, the bond money has been slow getting out. We hear that from some of the local agencies that have wanted to fund projects and haven't been able to."

Gary Bardini, chief of the Department of Water Resources Division of Flood Management, said there have even been "cash flow delays" in distributing the over \$2 billion in bond funds that have been appropriated.

"That's been a reality of today's state financing situation, and that's what we've been working through," said Bardini, who along with Snow testified on the status of the \$4.9 billion in flood protection bonds approved by voters in 2006 and implementation of a landmark package of flood protection legislation approved by Legislature and Governor in 2007.

Bardini also reported that, while information on the state's flood protection system must continue to be gathered, the state should meet the 2012 deadline for developing the first comprehensive Central Valley flood protection plan by 2012. The deadline was set by one of two bills in the 2007 legislative package authored by Wolk.

Flood protection is a "shared responsibility" for local, state, and federal agencies, Bardini said, adding that flooding is a serious issue in California. "What people don't realize is that 50 percent of emergency declarations in the state are flood related. The biggest cause of loss of life is flood. The biggest cause of property damage is flood. That beats fire, earthquake, and all others."

Flood protection is also a big source of liability for the state, he added, pointing to the Paterno Decision that held the state liable for roughly \$450 million in flood-related damages caused by a levee failure.

Other witnesses at the hearing, including Melinda Terry, Executive Director of Central Valley Flood Control Association, expressed disappointment in the disbursal of bond funds for projects in the Sacramento-San Joaquin Delta.

While millions were appropriated for Delta levee projects, "the majority of funding for levee projects in the Delta hasn't materialized at all," she said.

The Delta communities have had to borrow to pay for these projects, she testified, and the cost of paying down interest is taking money from their flood protection maintenance funds.

"These bonds were passed some years ago, and we have seen very little of those funds," said Cathy Christian, representing Contra Costa County. "For local governments, that becomes a very significant impediment."

After the hearing, Senator Wolk, who is recognized for her leadership role in crafting the 2007 flood protection package, cautioned that delays to essential flood protection projects come at a price.

"We cannot afford to forget that flood protection remains a vital function of the system of levees in the Sacramento-San Joaquin Delta," said Wolk. "Nor can we afford to ignore the flood risk that exists in communities throughout the state. It takes just one word, Katrina, to drive home the fact that ignoring flood risk comes at great human and economic costs."

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Other quotes by Senator Wolk taken from the hearing

"The 2007 package of legislation set California on a new course for the 21st Century, connecting land use decisions with requirements for better flood management and flood protection. But we have more work to do."

"The California Central Valley remains one of the most flood prone areas in the country. In fact, in many areas communities are at risk of being flooded under

several, or even tens of feet under water. Yet many who live in the Central Valley are unaware of this looming risk.”