



JOHN CHIANG
TREASURER
STATE OF CALIFORNIA

August 10, 2016

The Honorable Ricardo Lara
Chair, Senate Appropriations Committee
California State Capitol, Room 5050
Sacramento, CA 95814

Re: AB 2480 (Bloom): Source Watersheds: financing – Support

Dear Senator Lara:

I am writing to express my support for AB 2480 (Bloom) which seeks to apply modern infrastructure financing approaches to the repair and protection of key source watersheds. AB 2480 responds directly to two of the state's top priority needs identified in the State Water Action Plan, providing for source watershed enhancement and for new financing approaches to enhance our water reliability, quality and supply.

I strongly believe that California needs to expand its infrastructure investments—for both our physical and natural infrastructure—to support our continued prosperity and growth. Earlier this year I released a report – *Building California's Future Begins Today: Modernizing Public Finance and the Treasurers Office* – that outlines the critical need to assess our infrastructure maintenance needs and develop innovative financing approaches to address the significant backlog of investment.

Infrastructure improvements are even more critical now as climate change puts additional stress on our essential support systems, such as the provision of safe, clean water. By the same token, we also need to expand the financing options available to support those infrastructure investments, as we cannot afford to continue to rely on general obligation (GO) bond funding to meet our state's infrastructure needs. As the state's chief debt manager, I can attest to the benefit of accessing additional and cost-effective financing options such as revenue bonds and the federal government's newly-established Water Infrastructure Financing and Innovation Act (WIFIA). AB2480 does this, without immediately raising costs for either the state or ratepayers. Those decisions

can be made after deliberate discussion and in the context of future state budget planning.

Improving the condition of our critical source watersheds, especially those that provide the majority of our drinking and irrigated agriculture water, is the least cost approach to enhancing water reliability, while also improving the timing and quality of water flows. Such efforts have also repeatedly been shown to increase water supplies. While water in California is something that we have always fought over, I think we can all agree that enhancing our water security, as promulgated by AB 2480 is a good idea. I encourage us all to work together to enable more reliable, cleaner-- and likely more-- water for California in the future.

Sincerely,

JOHN CHIANG
California State Treasurer