

**Infrastructure Bond Guide
To
Proposition 1E
\$4.09 Billion Flood Protection Bond**

What is Proposition 1E?

Prop. 1E is the Disaster Preparedness and Flood Protection Bond Act of 2006 (AB 140: Chapter 33, Statutes of 2006).

How much money is contained in Prop. 1E?

Prop. 1E contains \$4.09 billion in four different accounts.

What are the different accounts?

State Central Valley Flood Control System and Delta Levees	\$3 billion
Statewide Flood Control Subventions	\$500 million
Stormwater Flood Management Grants	\$300 million
Statewide Flood Corridors, Bypasses and Risk Identification	\$290 million

What is the timing, eligibility, and process for accessing each account?

State Central Valley Flood Control System and Delta Levees: Prop 1E allocates \$3 billion dollars to be used for the evaluation, repair, and upkeep of flood control structures, including repair of erosion sites, channel sediment removal, environmental mitigation, and levee maintenance and improvement in the Sacramento-San Joaquin Delta. \$200 million of these funds will be used to refund the General Fund for critical levee work initiated pursuant to the Governor's 2006 Proclamation of Emergency, and payment of \$105 million associated with the cost of bond issuance, leaving a total of \$2.695 billion for State Central Valley Flood Control System and Delta Levees.

Timing DWR has stated its intention to use Proposition 84 funds for 2007-2008 to increase the monies available for levee maintenance and special projects in the Delta Levees Program. These funds shall be made available to the Department of Water Resources (DWR) upon appropriation in the annual Budget Bill by the Legislature. For major Delta levee projects, DWR will utilize Proposition 1E funds in the coming years.

Process: DWR is in the process of developing the Delta Risk Management Strategy, which will guide the majority of bond funding in the Delta. DWR will also develop a new State Plan of Flood Control for the Central Valley. Additionally, local agencies will develop regional flood management plans. These plans will be incorporated into a strategic statewide plan for the purposes of prioritizing needs and directing bond funds.

Eligibility: Funds will be capped at \$200 million for any single project except improvements to Folsom Dam. Funds may be expended for state financial participation in federal and state authorized flood control projects, feasibility studies and design of federal flood damage reduction and related projects, and reservoir reoperation and groundwater flood storage projects.

Flood Control Subventions: \$500 million will be expended on the state's share of costs for authorized flood control and prevention projects outside of the Central Valley.

Timing: Funds in the account shall be made available to the DWR, upon appropriation in the annual Budget Bill by the Legislature. The Department is expected to access Proposition 84 funds in the first two years, and then Proposition 1E funds thereafter.

Process: The Governor will submit an annual Bond Expenditure Disaster Preparedness and Flood Protection Plan for approval and appropriation by the Legislature. Once approved, the DWR will administer the funds per Water Code Sections 12570 and 12850.

Eligibility: In the DWR analysis, 16 counties are expected to receive this funding, including Alameda, Contra Costa, Fresno, Los Angeles, Marin, Monterey, Napa, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, Santa Clara, Santa Cruz, Sonoma, and Ventura.

Stormwater Flood Management: \$300 hundred million will be allocated for stormwater management projects in areas outside of the State Plan of Flood Control, including grants to local entities to cost-share stormwater runoff projects consistent with an integrated regional water management plan.

Timing: Funds in the account shall be made available to DWR, upon appropriation in the annual Budget Bill by the Legislature.

Process: The Governor will submit an annual Bond Expenditure Disaster Preparedness and Flood Protection Plan for approval and appropriation by the Legislature. DWR has stated its intention to solicit grant proposals and award cost-shared grants in FY 07-08 for eligible projects.

Eligibility: Projects must have a non-state cost share of at least 50 percent and be located outside of the State Plan of Flood Control.

Statewide Flood Corridors, Bypasses and Risk Identification: \$290 million will be available for the identification of flood risks and protection and enhancement of flood corridors and bypasses, including the creation of flood hazard maps, acquiring easements and constructing new levees to establish corridors and bypasses.

Timing: DWR will initiate the first round of grant solicitations for this program in FY 07-08. The existing Flood Protection Corridor Program will use Prop 84 funding to provide directed expenditures and competitive grants for eligible projects.

Process: Draft guidelines have been developed and are available through DWR.

Eligibility: Projects throughout the state are expected to be eligible.

Do counties have direct access to any of the accounts?

The \$500 million contained in the Flood Control Subventions Account is available to specified counties as direct subventions. Counties are eligible for parts of the remaining \$3.59 billion in the form of grants and loans.

A total of \$200 million has been allocated for Early Implementation grants. These grants will be available for rehabilitation, reconstruction, or replacement of levees, weirs, bypasses and facilities of the State Plan of Flood Control, and for improving or adding facilities to the State Plan of Flood control to increase levels of flood prevention for urban areas. To be eligible, projects must be ready for early implementation in fiscal year 2007-08. Counties that have legal authority and jurisdiction to implement flood control programs or projects that rehabilitate, reconstruct, replace, improve or add to the facilities of the State Plan of Flood Control in the Central Valley are eligible.