



Ellen Hanak Explains How I Got It Wrong!

Last week at this time, [I objected to an Associated Press piece showing how California has left unspent nearly \\$500 million worth of funds for water projects](#). At the end of article, there was a little note saying, “oh yes; experts think that California will need nearly \$39 billion to update its water infrastructure.” Talk about burying your lede! And I said so.

One of the great things about Legal Planet is the quality of its readers. Shortly thereafter, I heard from Ellen Hanak of the Public Policy Institute of California, one of the nation's leading environmental economists, and — even more importantly for present purposes — a loyal reader of Legal Planet. Hanak explained that the \$39 billion mentioned in the article does not necessarily refer to a shortfall; a lot of it is already accounted for. She wrote:

Based on recent investment spending levels, we are on track for meeting or even exceeding the \$39 billion. (It's a 20-year estimate of needs, our comparisons are based on looking at how we are doing annually for a 5% slice of that amount).

UC Davis' invaluable [California Water Blog has provided more details](#), by citing to Hanak's recent testimony on the issue. As she explains, the biggest chunks of spending needed — water supply and wastewater infrastructure — are pretty well funded, mainly because funds come from local ratepayers. The bad places lie in flood management infrastructure, ecosystem management, and state planning and oversight, all three of which pale in terms of total spending, but are absolutely critical. And this is also true for small rural systems, where the per capita costs of investment are very high and incomes tend to be low (typically small groundwater-based systems that lack the scale economies needed for affordable treatment facilities). California really needs to use that federal money, which means that the state needs to spend it wisely. (It would also help if federal funds could be used for operations instead of just capital — a typical infrastructure funding headache.). We're not out of the woods yet by any means, but the situation is not as dire as the article suggested and as I too-quickly inferred.

Last year, [PPIC published a comprehensive overview of California water issues](#), and Hanak played a key role in putting that report together. Check it out.

All in all, a decent way to head back into the weekend.