

AUTHOR'S COPY

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, Bigelow.

General Subject: Safe, Clean, and Reliable Drinking Water Supply Act of 2014.

(1) Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the



amount of \$7,935,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program.

This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



140604710324BILLMA05

AUTHOR'S COPY

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a safe drinking water and water supply reliability program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.



140604710324BILLMA05

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Division 26.7 (commencing with Section 79700) of the Water Code, as added by Section 1 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, is repealed.

SEC. 2. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:

DIVISION 26.7. THE SAFE, CLEAN, AND RELIABLE DRINKING WATER
SUPPLY ACT OF 2014

CHAPTER 1. SHORT TITLE

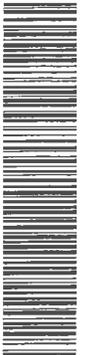
79700. This division shall be known and may be cited as the Safe, Clean, and Reliable Drinking Water Supply Act of 2014.

CHAPTER 2. FINDINGS AND DECLARATIONS

79701. The people of California find and declare all of the following:

(a) Safeguarding supplies of clean, safe drinking water to California's homes, businesses, and farms is an essential responsibility of government, and critical to protecting the quality of life for Californians.

(b) Every Californian should have access to clean, safe, and reliable drinking water.



140604710324BILLMA05

(c) Providing adequate supplies of clean, safe, and reliable drinking water is vital to keeping California's economy growing and strong.

(d) Encouraging water conservation and recycling are commonsense methods to make more efficient use of existing water supplies.

(e) Protecting lakes, rivers, and streams from pollution, cleaning up polluted groundwater supplies, and protecting water sources that supply the entire state are crucial to providing a reliable supply of drinking water and protecting the state's natural resources.



140604710324BILLMA05

CHAPTER 3. DEFINITIONS

79702. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this division, as follows:

(a) "Bay-Delta Estuary" means the Delta, Suisun Bay, and Suisun Marsh.

(b) "CALFED Bay-Delta Program" means the program described in the Record of Decision dated August 28, 2000.

(c) "Commission" means the California Water Commission.

(d) "Committee" means the Safe, Clean, and Reliable Drinking Water Supply Finance Committee created by Section 79792.

(e) "Delta" means the Sacramento-San Joaquin Delta, as defined in Section 85058.

(f) “Delta conveyance facilities” means facilities that convey water directly from the Sacramento River to the State Water Project or the federal Central Valley Project pumping facilities in the south Delta.

(g) “Delta Plan” has the meaning set forth in Section 85059.

(h) “Department” means the Department of Water Resources.

(i) “Director” means the Director of Water Resources.

(j) “Disadvantaged community” has the meaning set forth in subdivision (a) of Section 79505.5.

(k) “Economically distressed area” means a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with an annual median household income that is less than 85 percent of the statewide median household income, and with one or more of the following conditions as determined by the department:

(1) Financial hardship.

(2) Unemployment rate at least 2 percent higher than the statewide average.

(3) Low population density.

(l) “Fund” means the Safe, Clean, and Reliable Drinking Water Supply Fund of 2014 created by Section 79716.

(m) “Integrated regional water management plan” has the meaning set forth in Section 10534.

(n) “Nonprofit organization” means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code.



(o) "Public agency" means a state agency or department, district, joint powers authority, city, county, city and county, or other political subdivision of the state.

(p) "State General Obligation Bond Law" means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

CHAPTER 4. GENERAL PROVISIONS

79705. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

79706. Up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for "preliminary plans," "working drawings," and "construction" as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring shall be integrated into the surface water ambient monitoring program administered by the State Water Resources Control Board.

79707. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 8 (commencing with Section 79750).



140604710324BILLMA05

79708. (a) Prior to disbursing grants pursuant to this division, each state agency that is required to administer a competitive grant program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines may include a limitation on the dollar amount of grants to be awarded.

(b) Prior to disbursing grants, the state agency shall conduct three public meetings to consider public comments prior to finalizing the guidelines. The state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before the public meetings. One meeting shall be conducted at a location in northern California, one meeting shall be conducted at a location in the central valley, and one meeting shall be conducted at a location in southern California. Upon adoption, the state agency shall transmit copies of the guidelines to the fiscal committees and the appropriate policy committees of the Legislature.

79709. It is the intent of the people that the investment of public funds pursuant to this division will result in public benefits.

79710. The California State Auditor shall annually conduct a programmatic review and an audit of expenditures from the fund. The California State Auditor shall report its findings annually on or before March 1 to the Governor and the Legislature, and shall make the findings available to the public.

79711. Funds provided by this division shall not be expended to support or pay for the costs of environmental mitigation measures or compliance obligations of any party except as part of the environmental mitigation costs of projects financed by this division or for costs for groundwater cleanup pursuant to the requirements of Chapter



10324

9 (commencing with Section 79770). Funds provided by this division may be used for environmental enhancements or other public benefits.

79712. Funds provided by this division shall not be expended to pay the costs of the design, construction, operation, or maintenance of Delta conveyance facilities. Those costs shall be the responsibility of the water agencies that benefit from the design, construction, operation, or maintenance of those facilities.

79713. (a) This division does not diminish, impair, or otherwise affect in any manner whatsoever any area of origin, watershed of origin, county of origin, or any other water rights protections, including, but not limited to, rights to water appropriated prior to December 19, 1914, provided under the law. This division does not limit or otherwise affect the application of Article 1.7 (commencing with Section 1215) of Chapter 1 of Part 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and 11463, and Sections 12200 to 12220, inclusive.

(b) For the purposes of this division, an area that utilizes water that has been diverted and conveyed from the Sacramento River hydrologic region, for use outside the Sacramento River hydrologic region or the Delta, shall not be deemed to be immediately adjacent thereto or capable of being conveniently supplied with water therefrom by virtue or on account of the diversion and conveyance of that water through facilities that may be constructed for that purpose after January 1, 2014.

(c) Nothing in this division supersedes, limits, or otherwise modifies the applicability of Chapter 10 (commencing with Section 1700) of Part 2 of Division 2, including petitions related to any new conveyance constructed or operated in accordance with Chapter 2 (commencing with Section 85320) of Part 4 of Division 35.



140604710324BILLMA05

(d) Unless otherwise expressly provided, nothing in this division supersedes, reduces, or otherwise affects existing legal protections, both procedural and substantive, relating to the state board's regulation of diversion and use of water, including, but not limited to, water right priorities, the protection provided to municipal interests by Sections 106 and 106.5, and changes in water rights. Nothing in this division expands or otherwise alters the state board's existing authority to regulate the diversion and use of water or the courts' existing concurrent jurisdiction over California water rights.

(e) Nothing in this division supersedes, limits, or otherwise modifies the Sacramento-San Joaquin Delta Reform Act of 2009 (Division 35 (commencing with Section 85000)).

79714. Eligible applicants under this division are public agencies, nonprofit organizations, public utilities, and mutual water companies. To be eligible for funding under this division, a project proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system.

79715. The Legislature may enact legislation necessary to implement programs funded by this division, except as otherwise provided in Section 79760.

79716. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the Safe, Clean, and Reliable Drinking Water Supply Fund of 2014, which is hereby created in the State Treasury.



CHAPTER 5. DROUGHT RELIEF

79720. The sum of three hundred ninety-five million dollars (\$395,000,000) shall be available, upon appropriation by the Legislature from the fund, for the purposes of this chapter.

79720.1. (a) From the funds described in Section 79720, two hundred million (\$200,000,000) shall be available, upon appropriation by the Legislature from the fund, for the planning, design, and construction of local and regional drought relief projects that reduce the impacts of drought conditions, including, but not limited to, the impacts of reductions in Delta diversions. Eligible projects include all of the following:

(1) Water conservation and efficiency projects, including installation of the most water efficient fixtures commercially available.

(2) Water recycling and related infrastructure.

(3) Groundwater cleanup.

(4) Local and regional conveyance projects that improve water supplies and public benefits associated with conveyance facilities.

(5) Other local and regional water supply reliability projects.

(6) Local and regional surface water storage projects that provide emergency water supplies and water supply reliability in drought conditions.

(b) Projects funded pursuant to this section shall meet both of the following requirements:

(1) The project will provide a sustainable water supply that does not contribute to groundwater overdraft or increase surface water diversions.



(2) The project is capable of being operational within two years of receiving the grant.

(c) Preference shall be given to applicants that can demonstrate substantial past and current investments in conservation and local water projects.

(d) Not more than 10 percent of the funds provided pursuant to this section shall be available for planning, investigations, studies, and monitoring.

(e) The department shall require a cost share of not less than 50 percent of total project costs from nonstate sources. The department may waive or reduce the cost-sharing requirement for projects that directly benefit disadvantaged communities or economically distressed areas.

79721. (a) From the funds described in Section 79720, the sum of seventy-five million dollars (\$75,000,000) shall be available, upon appropriation by the Legislature from the fund, to the State Water Resources Control Board for grants for small community wastewater treatment projects that protect water quality and meet all of the following criteria:

(1) The project is for the planning, design, permitting, construction, or improvement of a wastewater treatment facility, sewer system, or related infrastructure necessary to meet water quality standards or prevent contamination of surface water or groundwater resources.

(2) The project will serve a community with a population of 20,000 or less.

(3) The project meets other standards that may be established by the State Water Resources Control Board with respect to the design, construction, financing, and operation of the project.



140604710324BILLMA05

(b) Priority for funding shall be given for projects located in, or that benefit, disadvantaged communities and economically distressed areas.

79722. From the funds described in Section 79720, one hundred twenty million dollars (\$120,000,000) shall be available to the State Department of Public Health for grants to assist small, rural, and disadvantaged community drinking water systems to provide clean drinking water consistent with the criteria established under the Safe Drinking Water State Revolving Fund.

CHAPTER 6. WATER SUPPLY RELIABILITY

79730. The sum of eight hundred forty million dollars (\$840,000,000) shall be available, upon appropriation by the Legislature, from the fund to the department for competitive grants and expenditures in accordance with Section 79731.

79731. (a) Except as provided in subdivision (f), the department shall award grants to eligible projects that implement an adopted integrated regional water management plan.

(b) An urban water supplier that does not prepare, adopt, and submit its urban water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6) is ineligible to receive funds made available pursuant to Section 79730 until the urban water management plan is prepared and submitted in accordance with the requirements of that act.

(c) For the purposes of awarding a grant under this chapter, the department shall require a local cost share of not less than 50 percent of the total costs of the project.



140604710324BILLMA05

The department may waive or reduce the cost-sharing requirement for projects that directly benefit a disadvantaged community or an economically distressed area.

(d) Eligible projects are those included in adopted integrated regional water management plans consistent with Part 2.2 (commencing with Section 10530) of Division 6, including, but not limited to, local and regional surface water storage projects.

(e) The funding provided in Section 79730 shall be allocated to each hydrologic region as identified in the California Water Plan in accordance with this subdivision. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County (designated as the San Diego subregion), the Santa Ana River watershed and southern Orange County (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. For purposes of this subdivision, the Sacramento River hydrologic region does not include the Delta. For purposes of this subdivision, the Mountain Counties Overlay is not eligible for funds from the Sacramento River hydrologic region or the San Joaquin River hydrologic region. The department may recognize multiple integrated regional water management plans in each of the areas allocated funding. Funds made available by this chapter shall be allocated as follows:

- (1) North Coast: \$36,000,000.
- (2) San Francisco Bay: \$105,600,000.



- (3) Central Coast: \$46,400,000.
- (4) Los Angeles subregion: \$158,400,000.
- (5) Santa Ana subregion: \$102,400,000.
- (6) San Diego subregion: \$69,600,000.
- (7) Sacramento River: \$60,800,000.
- (8) San Joaquin River: \$51,200,000.
- (9) Tulare/Kern: \$56,000,000.
- (10) North/South Lahontan: \$40,800,000.
- (11) Colorado River Basin: \$37,600,000.
- (12) Mountain Counties Overlay: \$35,200,000.
- (13) Interregional: \$40,000,000.

(f) Interregional funds may be expended directly or granted by the department to address multiregional needs or state priorities, including, but not limited to, any of the following:

- (1) Investing in new water technology development and deployment.
- (2) Meeting state water recycling and water conservation goals.
- (3) Adapting to climate change impacts.
- (4) Reducing contributions to climate change.
- (5) Other projects to improve statewide water management systems.
- (6) Other projects and activities designed to meet the needs of disadvantaged communities or economically distressed areas including technical and grant writing assistance.



79732. Of the funds provided in Section 79730, not less than 10 percent shall be allocated to disadvantaged communities.

79733. (a) The sum of three hundred fifty million dollars (\$350,000,000) shall be available, upon appropriation by the Legislature, from the fund to the department for grants and expenditures for the planning, design, and construction of local and regional conveyance projects that support regional and interregional connectivity and water management. Projects shall be consistent with an adopted integrated regional water management plan and shall provide one or more of the following benefits:

- (1) Improvements in regional or interregional water supply and water supply reliability.
- (2) Mitigation of conditions of groundwater overdraft, saline water intrusion, water quality degradation, or subsidence.
- (3) Adaptation to the impacts of hydrologic changes.
- (4) Improved water security from drought, natural disasters, or other events that could interrupt imported water supplies.
- (5) Providing safe drinking water for disadvantaged communities and economically distressed areas.

(b) Not more than 10 percent of the funds provided by this section shall be available for planning, investigations, studies, and monitoring.

(c) The department shall require a cost share of not less than 50 percent of total project costs from nonstate sources. The department may waive or reduce the cost share requirement for projects that directly benefit disadvantaged communities or economically distressed areas.



CHAPTER 7. DELTA SUSTAINABILITY

79740. (a) The Bay-Delta Estuary is a unique and irreplaceable combination of environmental and economic resources. Current management and use of the Delta is not sustainable, and results in a high level of conflict among various interests. Future Delta sustainability is threatened by changing hydrology due to climate change, water diversions, flood risk, seismic events, nonnative species, toxics, and other environmental problems. Future management of the Delta must improve Delta ecosystem health and improve the means of Delta water conveyance in order to protect drinking water quality, improve water supply reliability, restore ecosystem health, and preserve agricultural and recreational values in the Delta, while providing to counties and watersheds of origin assurances that their priority to water resources will be protected and that programs or facilities implemented or constructed in the Delta will not result in redirection of unmitigated, significant adverse impacts to the counties and watershed of origin. Many sources of funding will be needed to implement improved Delta management.

(b) This chapter provides state funding for public benefits associated with projects needed to assist in the Delta's sustainability as a vital resource for fish, wildlife, water quality, water supply, agriculture, and recreation.

79741. (a) The sum of one billion five hundred million dollars (\$1,500,000,000) shall be available, upon appropriation from the fund, for grants and direct expenditures for projects to protect and enhance the sustainability of the Delta ecosystem, including any of the following:



(1) Projects that advance the policy objectives described in Section 85020 of the Water Code. The projects shall be implemented through a cooperative effort among regulatory agencies, regulated and potentially regulated entities, and affected parties, including state and federal water contractors. These funds may be expended for the preparation of environmental documentation.

(2) Other projects to protect and restore native fish and wildlife dependent on the Delta ecosystem, including the acquisition of water rights and the removal or reduction of undesirable invasive species.

(3) Projects to reduce greenhouse gas emissions from exposed Delta soils.

(4) Projects that reduce impacts of mercury contamination of the Delta and its watersheds, and remediation and elimination of continuing sources of mercury contamination.

(5) Scientific studies and assessments that support the projects authorized under this section.

(b) Funds provided by this chapter shall be available for appropriation to, among other entities, the department, the Department of Fish and Wildlife, and the Sacramento-San Joaquin Delta Conservancy for implementation consistent with the Delta Plan.

79742. (a) A project that receives funding pursuant to subdivision (a) of Section 79741 shall only be eligible for funding pursuant to other provisions of this division to the extent that the combined state funding pursuant to this division does not exceed 50 percent of the total project costs.



10324

(b) The department shall determine what constitutes a project for the purposes of subdivision (a).

CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL IMPROVEMENT

79750. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

(b) Notwithstanding Section 13340 of the Government Code, the sum of three billion dollars (\$3,000,000,000) is hereby continuously appropriated from the fund, without regard to fiscal years, to the commission for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions, in accordance with this chapter. Funds authorized for, or made available to, the commission pursuant to this chapter shall be available and expended only for the purposes provided in this chapter, and shall not be subject to appropriation or transfer by the Legislature or the Governor for any other purpose.

(c) Projects shall be selected by the commission through a competitive public process that ranks potential projects based on the expected return for public investment



140604710324BILLMA05

as measured by the magnitude of the public benefits provided, pursuant to criteria established under this chapter.

(d) Any project constructed with funds provided by this chapter shall be subject to Section 11590.

79751. Projects for which the public benefits are eligible for funding under this chapter consist of only the following:

(a) Surface storage projects identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000, except for projects prohibited by Chapter 1.4 (commencing with Section 5093.50) of Division 5 of the Public Resources Code.

(b) Groundwater storage projects and groundwater contamination prevention or remediation projects that provide water storage benefits.

(c) Conjunctive use and reservoir reoperation projects.

(d) Local and regional surface storage projects that improve the operation of water systems in the state and provide public benefits.

79752. A project shall not be funded pursuant to this chapter unless it provides measurable improvements to the Delta ecosystem or to the tributaries to the Delta.

79753. (a) Funds allocated pursuant to this chapter may be expended solely for the following public benefits associated with water storage projects:

(1) Ecosystem improvements, including changing the timing of water diversions, improvement in flow conditions, temperature, or other benefits that contribute to restoration of aquatic ecosystems and native fish and wildlife, including those ecosystems and fish and wildlife in the Delta.



(2) Water quality improvements in the Delta, or in other river systems, that provide significant public trust resources, or that clean up and restore groundwater resources.

(3) Flood control benefits, including, but not limited to, increases in flood reservation space in existing reservoirs by exchange for existing or increased water storage capacity in response to the effects of changing hydrology and decreasing snow pack on California's water and flood management system.

(4) Emergency response, including, but not limited to, securing emergency water supplies and flows for dilution and salinity repulsion following a natural disaster or act of terrorism.

(5) Recreational purposes, including, but not limited to, those recreational pursuits generally associated with the outdoors.

(b) Funds shall not be expended pursuant to this chapter for the costs of environmental mitigation measures or compliance obligations except for those associated with providing the public benefits as described in subdivision (a).

79754. In consultation with the Department of Fish and Wildlife, the State Water Resources Control Board, and the department, the commission shall develop and adopt, by regulation, methods for quantification and management of public benefits described in Section 79753 by December 15, 2016. The regulations shall include the priorities and relative environmental value of ecosystem benefits as provided by the Department of Fish and Wildlife and the priorities and relative environmental value of water quality benefits as provided by the State Water Resources Control Board.



140604710324BILL005

79755. (a) Except as provided in subdivision (c), no funds allocated pursuant to this chapter may be allocated for a project before December 15, 2016, and until the commission approves the project based on the commission's determination that all of the following have occurred:

(1) The commission has adopted the regulations specified in Section 79754 and specifically quantified and made public the cost of the public benefits associated with the project.

(2) The department has entered into a contract with each party that will derive benefits, other than public benefits, as defined in Section 79753, from the project that ensures the party will pay its share of the total costs of the project. The benefits available to a party shall be consistent with that party's share of total project costs.

(3) The department has entered into a contract with each public agency identified in Section 79754 that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet all the requirements of this chapter, to ensure that the public contribution of funds pursuant to this chapter achieves the public benefits identified for the project.

(4) The commission has held a public hearing for the purposes of providing an opportunity for the public to review and comment on the information required to be prepared pursuant to this subdivision.

(5) All of the following additional conditions are met:

(A) Feasibility studies have been completed.

(B) The commission has found and determined that the project is feasible, is consistent with all applicable laws and regulations, and will advance the long-term



140604710324BILLMA05

10324

objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

(C) All environmental documentation associated with the project has been completed, and all other federal, state, and local approvals, certifications, and agreements required to be completed have been obtained.

(b) The commission shall submit to the Legislature its findings for each of the criteria identified in subdivision (a) for a project funded pursuant to this chapter.

(c) Notwithstanding subdivision (a), funds may be made available under this chapter for the completion of environmental documentation and permitting of a project.

79756. (a) The public benefit cost share of a project funded pursuant to this chapter, other than a project described in subdivision (c) of Section 79751, shall not exceed 50 percent of the total costs of any project funded under this chapter.

(b) No project may be funded unless it provides ecosystem improvements as described in paragraph (1) of subdivision (a) of Section 79753 that are at least 50 percent of total public benefits of the project funded under this chapter.

79757. (a) A project is not eligible for funding under this chapter unless, by January 1, 2020, all of the following conditions are met:

(1) All feasibility studies are complete and draft environmental documentation is available for public review.

(2) The commission makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.



140604710324BILLMA05

(3) The director receives commitments for not less than 75 percent of the nonpublic benefit cost share of the project.

(b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) shall be extended by the commission for a time period that is equal to the time period of the delay, and funding under this chapter that has been dedicated to the project shall be encumbered until the time at which the litigation is completed or the regulations have been promulgated.

79758. Surface storage projects funded pursuant to this chapter and described in subdivision (a) of Section 79751 may be made a unit of the Central Valley Project, as provided in Section 11290, and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

79759. (a) The funds allocated for the design, acquisition, and construction of surface storage projects identified in the CALFED Bay-Delta Record of Decision, dated August 28, 2000, pursuant to this chapter may be provided for those purposes to local joint powers authorities formed by irrigation districts and other local water districts and local governments within the applicable hydrologic region to design, acquire, and construct those projects.

(b) The joint powers authorities described in subdivision (a) may include in their membership governmental partners that are not located within their respective hydrologic regions in financing the surface storage projects, including, as appropriate, cost share participation or equity participation. Notwithstanding Section 6525 of the Government Code, the joint powers authorities described in subdivision (a) shall not include in their membership any for-profit corporation, or any mutual water company



140604710324BILL.MA05

whose shareholders and members include a for-profit corporation or any other private entity. The department shall be an ex-officio member of each joint powers authority subject to this section, but the department shall not control the governance, management, or operation of the surface water storage projects.

(c) A joint powers authority subject to this section shall own, govern, manage, and operate a surface water storage project, subject to the requirement that the ownership, governance, management, and operation of the surface water storage project shall advance the purposes set forth in this chapter.

79760. (a) In approving the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, the people were informed and hereby declare that the provisions of this chapter are necessary, integral, and essential to meeting the single object or work of the Safe, Clean, and Reliable Drinking Water Supply Act of 2014. As such, any amendment of the provisions of this chapter by the Legislature without voter approval would frustrate the scheme and design that induced voter approval of this act. The people therefore find and declare that any amendment of the provisions of this chapter by the Legislature shall require approval by two-thirds of the membership in each house of the Legislature and voter approval.

(b) This section shall not govern or be used as authority for determining whether the amendment of any other provision of this act not contained in this chapter would constitute a substantial change in the scheme and design of this act requiring voter approval.



140604710324BILLMA05

CHAPTER 9. GROUNDWATER PROTECTION AND WATER QUALITY

79770. (a) The sum of eight hundred million dollars (\$800,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures, grants, and loans for projects to prevent or reduce the contamination of groundwater that serves as a source of drinking water. Projects shall be consistent with an adopted integrated regional water management plan. Funds appropriated pursuant to this section shall be available to the State Department of Public Health for projects necessary to protect public health by preventing or reducing the contamination of groundwater that serves as a major source of drinking water for a community.

(b) Projects shall be prioritized based upon the following criteria:

(1) The threat posed by groundwater contamination to the affected community's overall drinking water supplies, including the need for treatment of alternative supplies if groundwater is not available due to contamination.

(2) The potential for groundwater contamination to spread and reduce drinking water supply and water storage for nearby population areas.

(3) The potential of the project, if fully implemented, to enhance local water supply reliability.

(4) The potential of the project to maximize opportunities to recharge vulnerable, high-use groundwater basins and optimize groundwater supplies.

(5) The project addresses contamination at a site for which the courts or the appropriate regulatory authority has not yet identified responsible parties, or where the identified responsible parties are unwilling or unable to pay for the total cost of cleanup.



10324

(6) The ability of the project to provide disadvantaged communities and economically distressed areas with public drinking water infrastructure that provides clean and safe drinking water supplies and ensures a sustainable groundwater supply.

(c) The State Department of Public Health shall give additional consideration to projects that meet any of the following criteria:

(1) The project is implemented pursuant to a comprehensive basinwide groundwater quality management and remediation plan or is necessary to develop a comprehensive groundwater plan.

(2) Affected groundwater provides a local supply that, if contaminated and not remediated, will require import of additional water from outside the region.

(3) The project will serve an economically disadvantaged community or an economically distressed area.

(d) Of the amount made available by this section, not less than one hundred million dollars (\$100,000,000) shall be available for costs associated with projects that meet the requirements of this section and both of the following criteria:

(1) The costs are part of a basinwide management and remediation plan for which federal funds have been allocated.

(2) The costs addresses contamination at a site on the list maintained by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code or a site listed on the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Sec. 9601 et seq.).



140604710324BILLMA05

(e) Of the amount made available by this section, one hundred million dollars (\$100,000,000) shall be available to the State Department of Public Health for grants and direct expenditures to finance emergency and urgent actions in accordance with this section on behalf of disadvantaged communities and economically distressed areas to ensure that safe drinking water supplies are available to all Californians.

(f) The Legislature, by statute, shall establish both of the following:

(1) A requirement that the grantee repay grant funds in the event of cost recovery from the parties responsible for the groundwater contamination.

(2) A requirement that the grantee make reasonable efforts to attempt to recover the costs of cleanup from the parties responsible for the contamination, except that a grantee shall not be required to seek cost recovery related to the costs of response actions apportioned to responsible parties who are insolvent or cannot be identified or located or when a requirement to seek cost recovery would impose a financial hardship on the grantee.

79772. The contaminants that may be addressed with funding pursuant to this chapter may include, but shall not be limited to, nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic, selenium, hexavalent chromium, mercury, PCE (perchloroethylene), TCE (trichloroethylene), DCE (dichloroethene), DCA (dichloroethane), 1, 2, 3 TCP (trichloropropane), carbon tetrachloride, 1,4-dioxane, 1,4-dioxacyclohexane, NDMA (N-nitrosodimethylamine), bromide, iron, manganese, and uranium.



140604710324BILLMA05

79773. (a) A project that receives funding under this chapter shall be selected by a competitive grant or loan process with added consideration for those projects that leverage private, federal, or local funding.

(b) For the purposes of awarding funding under this chapter, a local cost share of not less than 50 percent of the total costs of the project shall be required. The cost-sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community or an economically distressed area.

(c) An agency administering grants or loans for the purposes of this chapter shall assess the capacity of a community to pay for the operation and maintenance of the facility to be funded.

(d) At least 10 percent of the funds available pursuant to this chapter shall be allocated for projects serving severely disadvantaged communities.

(e) Funding authorized pursuant to this chapter shall include funding for technical assistance to disadvantaged communities and economically distressed areas. The State Department of Public Health shall operate a multidisciplinary technical assistance program for disadvantaged communities and economically distressed areas.

CHAPTER 10. WATER RECYCLING, CONSERVATION, AND EFFICIENCY PROGRAM

79780. (a) In order to improve regional water self-reliance and help ensure a sustainable water supply for California, the purposes of this chapter are to:

(1) Advance recycled water as a sustainable, cost-effective, and environmental beneficial source of water that should be utilized to the fullest extent possible.



10324

(2) Promote recycled water as a key component to the state's sustainability strategy and an important part of the state's adaptation to, and mitigation of, the impacts of climate change.

(3) Achieve direct and indirect long-term benefits related to water and energy conservation and salinity management.

79781. The sum of one billion fifty million dollars (\$1,050,000,000) shall be available, upon appropriation by the Legislature, from the fund to the department as follows:

(a) The sum of eight hundred million dollars (\$800,000,000) shall be available for grants and loans for water recycling and advanced treatment technology projects, including all of the following:

(1) Water recycling projects, including, but not limited to, treatment, storage, conveyance, and distribution facilities for potable and nonpotable water recycling projects.

(2) Contaminant and salt removal projects, including, but not limited to, groundwater and seawater desalination.

(3) Dedicated distribution infrastructure for recycled water, including residential, commercial, agricultural, and industrial end-user retrofit projects to allow use of recycled water.

(4) Pilot projects for new salt and contaminant removal technology.

(5) Groundwater recharge infrastructure related to recycled water.

(6) Technical assistance and grant writing assistance for disadvantaged communities and economically distressed areas.



140604710324BILLMA05

(b) The sum of two hundred fifty million dollars (\$250,000,000) shall be available for direct expenditures, grants, and loans for water conservation and water use efficiency plans, projects, and programs, including any of the following:

(1) Urban water conservation plans, projects, and programs, including regional projects and programs, implemented to achieve urban water use targets pursuant to Chapter 3 (commencing with Section 10608.16) of Part 2.55 of Division 6. Priority for funding shall be given to programs that do the following:

(A) Assist water suppliers and regions to implement conservation programs and measures that are not locally cost-effective.

(B) Support water supplier and regional efforts to implement programs targeted to enhance water use efficiency for commercial, industrial, and institutional water users.

(C) Assist water suppliers and regions with programs and measures targeted toward realizing the conservation benefits of implementation of the provisions of the state landscape model ordinance.

(2) Agricultural water use efficiency projects and programs pursuant to Part 2.8 (commencing with Section 10800) of Division 6.

(3) Agricultural water management plans developed pursuant to Part 2.8 (commencing with Section 10800) of Division 6.

79782. Of the funds made available in subdivision (a) of Section 79781, not less than fifty million dollars (\$50,000,000) shall be available for projects that are designed to help restore lost water supply reliability in areas with widespread groundwater contamination in locations that contain sites that are listed by the



140604710324BILL.MA05

Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code or a site listed on the National Priorities List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) and for which federal funds have been allocated pursuant to Public Law 106-554.

79783. For projects funded pursuant to the funds made available pursuant to subdivision (a) of Section 79781, at least a 50 percent local cost-share shall be required. That cost share may be suspended or reduced for disadvantaged communities and economically distressed areas.

79784. Projects funded pursuant to the funds made available pursuant to subdivision (a) of Section 79781 shall be selected on a competitive basis, considering all of the following criteria:

- (a) Water supply reliability improvement.
- (b) Water quality and ecosystem benefits related to decreased reliance on diversions from the Delta or instream flows.
- (c) Public health benefits from improved drinking water quality.
- (d) Cost-effectiveness.
- (e) Energy efficiency and greenhouse gas emission impacts.

79785. Section 1011 applies to all conservation measures that an agricultural water supplier or an urban water supplier implements with funding under this chapter. This subdivision does not limit the application of Section 1011 to any other measures or projects implemented by a water supplier.



79786. The department shall award grants or loans under this chapter in a competitive process that considers, as primary factors, the local and statewide conservation and water use efficiency benefits of the measures proposed for grants or loans.

CHAPTER 11. FISCAL PROVISIONS

79790. (a) Bonds in the total amount of seven billion nine hundred thirty-five million dollars (\$7,935,000,000), or so much thereof as is necessary, not including the amount of any refunding bonds issued in accordance with Section 79802, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute valid and binding obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) The Treasurer shall sell the bonds authorized by the committee pursuant to this section. The bonds shall be sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

79791. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond



Law, and all of the provisions of that law apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division, except subdivisions (a) and (b) of Section 16727 of the Government Code.

79792. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the Safe, Clean, and Reliable Drinking Water Supply Finance Committee is hereby created. For purposes of this division, the Safe, Clean, and Reliable Drinking Water Supply Finance Committee is “the committee” as that term is used in the State General Obligation Bond Law.

(b) The committee consists of the Director of Finance, the Treasurer, the Controller, the Director of Water Resources, and the Secretary of the Natural Resources Agency. Notwithstanding any other provision of law, any member may designate a deputy to act as that member in his or her place for all purposes, as though the member were personally present.

(c) The Treasurer shall serve as chairperson of the committee.

(d) A majority of the members of the committee shall constitute a quorum of the committee, and may act for the committee.

79793. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.



79794. "Board," as defined in Section 16722 of the Government Code for the purposes of compliance with the State General Obligation Bond Law, means the department.

79795. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

79796. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this division, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this division, as the principal and interest become due and payable.

(b) The sum that is necessary to carry out the provisions of Section 79799, appropriated without regard to fiscal years.

79797. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account in accordance with Section 16312 of the Government Code for the purpose of carrying out this division less any amount withdrawn pursuant to Section 79799. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this division. The board shall execute those



10324

documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated in accordance with this division.

79798. Notwithstanding any other provision of this division, or of the State General Obligation Bond Law, if the Treasurer sells bonds that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the bond proceeds invested and for the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

79799. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this division. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, with interest at the rate earned by the money in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.



140604710324BILLMA05

79800. All money deposited in the fund that is derived from premiums and accrued interest on bonds sold pursuant to this division shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except that amounts derived from premium may be reserved and used to pay the cost of bond issuance prior to any transfer to the General Fund.

79801. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond proceeds, including premium, if any. To the extent the cost of bond issuance is not paid from premiums received from the sale of bonds, the cost shall be shared proportionately by each program funded through this division by the applicable bond sale.

79802. The bonds issued and sold pursuant to this division may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the electors of the state for the issuance of the bonds under this division shall include approval of the issuance of any bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

79803. The proceeds from the sale of bonds authorized by this division are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.



79804. Of the seven billion nine hundred thirty-five million dollars (\$7,935,000,000) in bonds authorized in this division, no more than three billion nine hundred sixty-seven million five hundred thousand dollars (\$3,967,500,000) shall be sold by the Treasurer before July 1, 2019.

SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, as amended by Section 1 of Chapter 74 of the Statutes of 2012, is repealed.

SEC. 4. Section 2 of this act shall be submitted to the voters at the November 4, 2014, statewide general election in accordance with provisions of the Government Code and the Elections Code governing the submission of a statewide measure to the voters.

SEC. 5. Section 2 of this act shall take effect upon the approval by the voters of the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, as set forth in that section at the November 4, 2014, statewide general election.

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to fund a safe, clean, and reliable water supply at the earliest possible date, it is necessary that this act take effect immediately.

