

AMENDED IN SENATE JANUARY 7, 2014
AMENDED IN SENATE SEPTEMBER 11, 2013
AMENDED IN SENATE AUGUST 26, 2013
AMENDED IN ASSEMBLY MAY 21, 2013
AMENDED IN ASSEMBLY APRIL 23, 2013
AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1331

Introduced by Assembly Member Rendon

February 22, 2013

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 ~~climate change response~~ for clean and safe drinking water 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.

LEGISLATIVE COUNSEL'S DIGEST

AB 1331, as amended, Rendon. ~~Climate Change Response for Clean and Safe Drinking Water 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 ~~Climate Change Response for Clean and Safe Drinking Water Act of 2014~~, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$6,500,000,000 pursuant to the State General Obligation Bond Law to finance a ~~climate change response for clean and safe drinking water program~~.

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

Vote: ²/₃. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

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3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.

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

6
7 DIVISION 26.7. ~~THE CLIMATE CHANGE RESPONSE~~
8 ~~FOR CLEAN AND SAFE DRINKING WATER ACT OF 2014.~~

9
10 CHAPTER 1. SHORT TITLE

11
12 79700. This division shall be known, and may be cited, as the
13 ~~Climate Change Response for Clean and Safe Drinking Water Act~~
14 of 2014.

15
16 CHAPTER 2. ~~DEFINITIONS FINDINGS~~

17
18 79701. The people of California find and declare all of the
19 following:

20 (a) Safeguarding supplies of clean and safe drinking water to
21 California’s homes, businesses, and farms is an essential

1 responsibility of government, and critical to protecting the quality
2 of life for Californians.

3 (b) Every Californian should have access to clean, safe, and
4 reliable drinking water, consistent with the human right to water
5 and Section 106.3. Providing adequate supplies of clean, safe, and
6 reliable drinking water is vital to keeping California's economy
7 growing and strong.

8 (c) Climate change has impaired California's capacity to ensure
9 clean, safe, and reliable drinking water, as droughts have become
10 more frequent and more severe, and ecosystems have become
11 stressed. Higher temperatures mean less snow pack, which is the
12 state's largest water reservoir. Scientists project a loss of at least
13 25 percent of the snow pack in the Sierra Nevada Mountains by
14 2050. The Colorado River basin, which provides drinking water
15 to southern California, has experienced prolonged drought and the
16 federal government projects a continuing decline in water
17 availability.

18 (d) California's water infrastructure continues to age and
19 deteriorate. More than 50 years ago, Californians approved the
20 construction of the State Water Project. In the decades that
21 followed, California's water leaders developed the most
22 sophisticated system of state, federal, regional, and local water
23 infrastructure anywhere in the world. In recent decades, however,
24 that water infrastructure and the water environment on which it
25 depends have deteriorated.

26 (e) In the years since the voters approved the ~~state water project~~
27 *State Water Project*, California's population has continued to grow,
28 from less than 16 million in 1960 to more than 37 million in 2010.
29 A growing population and a growing economy have put greater
30 stress on California's natural resources, including water.
31 ~~Contamination of groundwater aquifers from a vibrant economy~~
32 ~~has threatened vital drinking water supplies.~~ The Department of
33 Finance projects that California's population will reach 50 million
34 by 2049.

35 (f) A growing population and a growing economy have put
36 greater stress on California's natural resources, including water.
37 Contamination of groundwater aquifers from economic activity
38 in the agricultural and industrial sectors has threatened vital
39 drinking water supplies.

1 (g) As California and its water infrastructure have grown,
2 increasing demands on California’s limited water supplies and
3 deteriorating aquatic ecosystems have led to intense conflict,
4 further threatening the reliability of clean and safe drinking water.

5 79702. The people of California find and declare all of the
6 following:

7 (a) A sustainable water future can provide the means for
8 California to maintain vibrant communities, globally competitive
9 agriculture, and healthy ecosystems, which are all a part of the
10 quality of life that attracts so many to live in California.

11 (b) Responding to climate change, ensuring clean and safe
12 drinking water, and preparing for California’s continued growth
13 will require a diversified portfolio of strategies and investments
14 to address the many water challenges facing California.

15 (c) Improving water quality offers one of the most immediate
16 steps to ensuring a clean and safe drinking water supply. California
17 needs water quality improvements at all parts of the hydrologic
18 cycle, from source water in the watersheds where the state’s
19 drinking water supplies originate to wastewater treatment to
20 improve surface water quality for those who live downstream.

21 (d) Addressing the challenges to the sustainability of the Delta,
22 the heart of the California water system, will help resolve some
23 of the conflicts that impede progress in improving the statewide
24 water system.

25 (e) Enhancing regional water self-reliance offers a key strategy
26 for addressing climate change and improving water supply
27 reliability. It helps the Delta and it helps local communities to
28 address their own water challenges. Water conservation and water
29 recycling form one part of the regional water self-reliance strategy
30 and are commonsense methods to make more efficient use of
31 existing water supplies.

32
33 CHAPTER 3. DEFINITIONS
34

35 79703. Unless the context otherwise requires, the definitions
36 set forth in this section govern the construction of this division, as
37 follows:

38 (a) “CALFED Bay-Delta Program” means the program
39 described in the Record of Decision dated August 28, 2000.

40 (b) “Commission” means the California Water Commission.

1 (c) “Committee” means the ~~Climate Change Response for Clean~~
2 and Safe Drinking Water Finance Committee created by Section
3 79802.

4 (d) “Delta” means the Sacramento-San Joaquin Delta, as defined
5 in Section 85058.

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

10 (f) “Delta counties” means the Counties of ~~Solano, Yolo,~~
11 ~~Sacramento, Contra Costa, and San Joaquin~~ *Contra Costa,*
12 *Sacramento, San Joaquin, Solano, and Yolo.*

13 (g) “Department” means the Department of Water Resources.

14 (h) “Director” means the Director of Water Resources.

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

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

25 (1) Financial hardship.

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

28 (3) Low population density.

29 (k) “Fund” means the ~~Climate Change Response for Clean and~~
30 ~~Safe Drinking Water Fund of 2014~~ created by Section 79717.

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

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

36 (n) “Public agency” means a state agency or department, district,
37 joint powers authority, city, county, city and county, or other
38 political subdivision of the state.

39 (o) “Rainwater” has the meaning set forth in subdivision (c) of
40 Section 10573.

1 (p) “Severely disadvantaged community” has the meaning set
2 forth in subdivision (n) of Section 116760.20 of the Health and
3 Safety Code.

4 (q) “Small community water system” means a community water
5 system that serves no more than 3,300 service connections or a
6 yearlong population of no more than 10,000 persons.

7 (r) “State General Obligation Bond Law” means the State
8 General Obligation Bond Law (Chapter 4 (commencing with
9 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
10 Code).

11 (s) “State small water system” has the meaning set forth in
12 subdivision (n) of Section 116275 of the Health and Safety Code.

13 (t) “Stormwater” has the meaning set forth in subdivision (e)
14 of Section 10573.

15

16 CHAPTER 4. GENERAL PROVISIONS

17

18 79705. An amount that equals not more than 5 percent of the
19 funds allocated for a grant program pursuant to this division may
20 be used to pay the administrative costs of that program.

21 79706. ~~Up~~ *Unless otherwise specified, up to 10 percent of*
22 *funds allocated for each program funded by this division may be*
23 *expended for planning and monitoring necessary for the successful*
24 *design, selection, and implementation of the projects authorized*
25 *under that program. This section shall not otherwise restrict funds*
26 *ordinarily used by an agency for “preliminary plans,” “working*
27 *drawings,” and “construction” as defined in the annual Budget Act*
28 *for a capital outlay project or grant project. Water quality*
29 *monitoring shall be integrated into the surface water ambient*
30 *monitoring program administered by the State Water Resources*
31 *Control Board. Watershed monitoring shall be integrated into the*
32 *statewide watershed program administered by the Department of*
33 *Conservation.*

34 79707. Chapter 3.5 (commencing with Section 11340) of Part
35 1 of Division 3 of Title 2 of the Government Code does not apply
36 to the development or implementation of programs or projects
37 authorized or funded under this division other than Chapter 9
38 (commencing with Section 79760).

39 79708. (a) Prior to disbursing grants or loans pursuant to this
40 division, each state agency that receives an appropriation from the

1 funding made available by this division to administer a competitive
2 grant or loan program under this division shall develop and adopt
3 project solicitation and evaluation guidelines. The guidelines shall
4 include monitoring and reporting requirements and may include
5 a limitation on the dollar amount of grants or loans to be awarded.

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

17 79709. It is the intent of the people that:

18 (a) The investment of public funds pursuant to this division will
19 result in public benefits that address the most urgent *statewide*
20 needs *and priorities* for public funding.

21 (b) Beneficiaries pay for the benefits they receive from projects
22 funded pursuant to this division.

23 (c) Any relevant statute enacted before voters approve this bond
24 shall be considered in the appropriation and expenditure of the
25 funding authorized by this division.

26 (d) In the appropriation and expenditure of funding authorized
27 by this division, priority shall be given to projects that leverage
28 private, federal, or local funding or produce the greatest public
29 benefit.

30 (e) A funded project advances the purposes of the chapter from
31 which the project received funding.

32 (f) In making decisions regarding water resources, state and
33 local water agencies use the best available science to inform those
34 decisions.

35 (g) Special consideration will be given to projects that employ
36 new or innovative technology or practices, including decision
37 support tools that demonstrate the multiple benefits of integrating
38 multiple jurisdictions, including, but not limited to, water supply,
39 flood control, land use, and sanitation.

1 (h) Projects funded with proceeds from this division shall be
 2 consistent with Section 65041.1 of the Government Code and any
 3 adopted, approved sustainable communities strategy consistent
 4 with subparagraph (B) of paragraph (2) of subdivision (b) of
 5 Section 65080 of the Government Code *contribute to improving*
 6 *the sustainability of local communities.*

7 (i) *Except as provided in Sections 79726 and 79727, the costs*
 8 *of stewardship, operation, and maintenance of the projects funded*
 9 *by this division shall be paid from other sources of revenue that*
 10 *are sustainable over the long term.*

11 (j) *Evaluation of projects considered for funding pursuant to*
 12 *this division shall include review by professionals in the fields*
 13 *relevant to the proposed project.*

14 (k) *To the extent practicable, a project supported by funds made*
 15 *available by this division shall include signage informing the public*
 16 *that the project received funds from the Clean and Safe Drinking*
 17 *Water Act of 2014.*

18 (l) *Projects funded with proceeds from this division shall be*
 19 *consistent with Division 7 (commencing with Section 13000) of*
 20 *this code and Section 13100 of the Government Code.*

21 79710. (a) The California State Auditor shall annually conduct
 22 a programmatic review and an audit of expenditures from the fund.

23 (b) Notwithstanding Section 10231.5 of the Government Code,
 24 the California State Auditor shall report its findings annually on
 25 or before March 1 to the Governor and the Legislature, and shall
 26 make the findings available to the public.

27 (c) If an audit, *required by statute*, of a public agency that
 28 receives funding authorized by this division is conducted pursuant
 29 to state law and reveals any impropriety, the California State
 30 Auditor or the Controller may conduct a full audit of any or all of
 31 the activities of the public agency.

32 (d) The state agency issuing any grant or loan with funding
 33 authorized by this division shall require adequate reporting of the
 34 expenditures of the funding from the grant or loan.

35 79711. (a) Funds provided by this division shall not be
 36 expended to support or pay for the costs of environmental
 37 mitigation measures or environmental compliance obligations of
 38 any party except as part of the environmental mitigation costs of
 39 projects financed by this division. Funds provided by this division

1 may be used for environmental enhancements or other public
2 benefits.

3 *(b) Funds provided by this division shall not be expended for*
4 *the acquisition or transfer of water rights except for a permanent*
5 *dedication of water approved in accordance with Section 1707*
6 *where the state board specifies that the water is in addition to*
7 *water that is required for regulatory requirements as provided in*
8 *subdivision (c) of Section 1707. The requirement that a dedication*
9 *of water be permanent shall not preclude the expenditure of funds*
10 *provided by this division for the initiation of the dedication as a*
11 *short-term or temporary urgency change, that is approved in*
12 *accordance with Section 1707 and either Chapter 6.6 (commencing*
13 *with Section 1435) of, or Chapter 10.5 (commencing with Section*
14 *1725) of, Part 2 of Division 2, during the period required to*
15 *prepare any environmental documentation and for approval of*
16 *permanent dedication.*

17 79712. Funds provided by this division shall not be expended
18 to pay the costs of the design, construction, operation, *mitigation*,
19 or maintenance of Delta conveyance facilities. Those costs shall
20 be the responsibility of the water agencies that benefit from the
21 design, construction, operation, or maintenance of those facilities.

22 79713. (a) This division does not diminish, impair, or
23 otherwise affect in any manner whatsoever any area of origin,
24 watershed of origin, county of origin, or any other water rights
25 protections, including, but not limited to, rights to water
26 appropriated prior to December 19, 1914, provided under the law.
27 This division does not limit or affect the application of Article 1.7
28 (commencing with Section 1215) of Chapter 1 of Part 2 of Division
29 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and
30 11463, and Sections 12200 to 12220, inclusive.

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

39 (c) Nothing in this division supersedes, limits, or otherwise
40 modifies the applicability of Chapter 10 (commencing with Section

1 1700) of Part 2 of Division 2, including petitions related to any
2 new conveyance constructed or operated in accordance with
3 Chapter 2 (commencing with Section 85320) of Part 4 of Division
4 35.

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

15 ~~(e) Nothing in this division shall be construed to affect any~~
16 ~~contract entered into before January 1, 2013, between the State of~~
17 ~~California and one or more of the delta water agencies pursuant~~
18 ~~to the authority granted under Chapter 283 of the Statutes of 1973,~~
19 ~~Chapter 1089 of the Statutes of 1973, or Chapter 1133 of the~~
20 ~~Statutes of 1973, as those chapters may have been amended.~~

21 (f)

22 (e) Nothing in this division shall be construed to affect the
23 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing
24 with Section 5093.50) of Division 5 of the Public Resources Code)
25 and funds authorized pursuant to this division shall not be available
26 for any project that could have an adverse effect on the free flowing
27 condition of a wild and scenic river *or any other river afforded*
28 *protections pursuant to the California Wild and Scenic Rivers Act.*

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

32 79714. Eligible applicants under this division are public
33 agencies, *federally recognized Indian tribes*, and nonprofit
34 organizations. A public agency may use funding authorized by
35 this division to benefit recipients of water from public utilities or
36 mutual water companies that operate a public water system if the
37 funding provides public benefits.

38 79715. The Legislature may enact legislation necessary to
39 implement programs funded by this division.

1 79716. (a) Unless otherwise specified, any state agency *that*
2 *has the statutory authority to implement one or more of the*
3 *purposes specified in this bond* may be eligible for appropriations
4 from the funding made available by this division.

5 ~~(b) Funds authorized in this division may be expended to pay~~
6 ~~for the services of the California Conservation Corps in~~
7 ~~implementation of funded projects.~~

8 (b) *Funding made available by this division shall not be*
9 *appropriated to a specific project.*

10 (c) *Projects funded pursuant to this division shall use the*
11 *services of the California Conservation Corps or certified*
12 *community conservation corps, as defined in Section 14507.5 of*
13 *the Public Resources Code, whenever feasible.*

14 79717. The proceeds of bonds issued and sold pursuant to this
15 division shall be deposited in the ~~Climate Change Response for~~
16 Clean and Safe Drinking Water Fund of 2014, which is hereby
17 created in the State Treasury.

18 79718. (a) *The funding authorized by this division shall be*
19 *subject to the oversight of a state agency established by statute for*
20 *that purpose.*

21 (b) *Each state agency that receives an appropriation of funding*
22 *made available by this division shall be responsible for establishing*
23 *metrics of success and reporting the status of projects and all uses*
24 *of the funding on the state’s bond accountability Internet Web site,*
25 *as provided by statute.*

26
27 CHAPTER 5. ~~WATER QUALITY AND CLEAN AND SAFE DRINKING~~
28 WATER
29

30 79720. The sum of one billion dollars (\$1,000,000,000) shall
31 be available, upon appropriation by the Legislature from the fund,
32 for expenditures, grants, and loans for projects that improve water
33 quality or help provide clean and safe drinking water to all
34 Californians.

35 79721. The projects eligible for funding pursuant to this chapter
36 shall help improve water quality for a beneficial use. The purposes
37 of this chapter are to:

38 (a) Reduce contaminants in drinking water supplies regardless
39 of the source of the water or the contamination, including the

1 assessment and prioritization of the risk to the safety of drinking
2 water supplies.

3 (b) Address the critical and immediate needs of disadvantaged,
4 rural, or small communities that suffer from contaminated drinking
5 water supplies, including, but not limited to, projects that address
6 a public health emergency.

7 (c) Leverage other private, federal, state, and local drinking
8 water quality and wastewater treatment funds.

9 (d) Reduce contaminants in discharges to, and improve the
10 quality of, surface water streams.

11 (e) Improve water quality of surface water streams, including
12 multibenefit stormwater quality projects.

13 (f) Prevent further contamination of drinking water supplies.

14 (g) Provide disadvantaged communities with public drinking
15 water infrastructure that provides clean and safe drinking water
16 supplies that the community can sustain over the long term.

17 (h) Ensure access to clean, safe, and affordable drinking water
18 for California’s communities.

19 79722. (a) A project that receives funding under this chapter
20 shall be selected by a competitive grant or loan process with added
21 consideration for those projects that leverage private, federal, or
22 local funding. This subdivision shall not apply to projects for the
23 purposes of Section 79727 that address a public health priority for
24 which no other source of funding can be identified.

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

28 (c) A project that receives funding authorized by this chapter
29 may be implemented by any public water system or other public
30 water agency.

31 79723. An applicant for a project to clean up a groundwater
32 aquifer shall demonstrate that a public agency has authority to
33 manage the water resources in that aquifer in order to be eligible
34 for funding pursuant to this chapter. This section does not apply
35 to projects that install treatment facilities at the wellhead, customer
36 connection, or the tap.

37 79724. The contaminants that may be addressed with funding
38 pursuant to this chapter may include, but shall not be limited to,
39 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,
40 selenium, hexavalent chromium, mercury, PCE

1 (perchloroethylene), TCE (trichloroethylene), DCE
2 (dichloroethene), DCA (dichloroethane), 1, 2, 3 TCP
3 (trichloropropane),—and carbon tetrachloride, *1,4-dioxane*,
4 *1,4-dioxacyclohexane*, *nitrosodimethylamine*, *bromide*, *iron*,
5 *manganese*, and *uranium*.

6 79725. ~~(a)~~ Of the funds authorized in Section 79720, not less
7 than ~~one hundred million dollars (\$100,000,000)~~ *four hundred*
8 *million dollars (\$400,000,000)* shall be available for deposit in the
9 State Water Pollution Control Revolving Fund Small Community
10 Grant Fund created pursuant to Section 13477.6 for grants for
11 wastewater treatment projects. Priority shall be given to projects
12 that serve disadvantaged communities and severely disadvantaged
13 communities, and to projects that address public health hazards.
14 Projects shall include, but not be limited to, projects that identify,
15 plan, design, and implement regional mechanisms to consolidate
16 wastewater systems or provide affordable treatment technologies.

17 ~~(b)~~ ~~Of the funds authorized in Section 79720, up to two hundred~~
18 ~~fifty million dollars (\$250,000,000) shall be available to support~~
19 ~~projects that address the management of stormwater quality,~~
20 ~~including projects described in subdivision (f) of Section 79743.~~

21 79726. (a) Of the funds authorized in Section 79720, one
22 hundred million dollars (\$100,000,000) shall be available for
23 deposit in the Emergency Clean Water Grant Fund, established
24 pursuant to Section 116475 of the Health and Safety Code, for
25 grants and direct expenditures to finance public health emergencies
26 and urgent actions, as may be determined by the Legislature, to
27 ensure that safe drinking water supplies are available to all
28 Californians. Eligible projects include, but are not limited to, the
29 following:

30 (1) Providing interim water supplies, including, but not limited
31 to, bottled water, where necessary to protect public health.

32 (2) Identifying, planning, designing, and constructing projects
33 that improve existing water systems to provide safe, reliable,
34 accessible, and affordable drinking water, provide other sources
35 of safe drinking water, including, but not limited to, replacement
36 wells, and prevent contamination.

37 (3) Establishing connections to an adjacent water system.

38 (4) The design, purchase, installation, and initial operating costs
39 for interim water treatment equipment and systems.

1 (b) The administering entity may expend up to ten million
 2 dollars (\$10,000,000) for grants and loans to address the water
 3 quality needs of private well owners that have no other source of
 4 funding and serve members of a disadvantaged community.

5 79727. (a) Of the funds authorized in Section 79720, four
 6 hundred million dollars (\$400,000,000) shall be available for grants
 7 and loans for public water system infrastructure improvements
 8 and related actions to meet safe drinking water standards, ensure
 9 affordable drinking water, or both. Priority shall be given to
 10 projects that provide treatment for contamination or access to an
 11 alternate drinking water source or sources for small community
 12 water systems or state small water systems in disadvantaged
 13 communities whose drinking water source is impaired by chemical
 14 and nitrate contaminants and other health hazards identified by
 15 the implementing agency. Eligible recipients serve disadvantaged
 16 communities and are public agencies or incorporated mutual water
 17 companies. The implementing agency may make grants for the
 18 purpose of financing feasibility studies and to meet the eligibility
 19 requirements for a construction grant. Eligible expenses may
 20 include initial operation and maintenance costs for systems serving
 21 disadvantaged communities. Special consideration shall be given
 22 to projects that provide shared solutions for multiple communities,
 23 at least one of which is a disadvantaged community that lacks safe,
 24 affordable drinking water and is served by a small community
 25 water system, state small water system, or a private well.
 26 Construction grants shall be limited to five million dollars
 27 (\$5,000,000) per project, except that the implementing agency
 28 may set a limit of not more than twenty million dollars
 29 (\$20,000,000) for projects that provide regional *benefits* or *are*
 30 shared among multiple entities, at least one of which shall be a
 31 small disadvantaged community. Not more than 25 percent of a
 32 grant may be awarded in advance of actual expenditures.

33 (b) The administering entity may expend up to twenty-five
 34 million dollars (\$25,000,000) of the funds allocated in subdivision
 35 (a) for technical assistance to eligible communities.

36 79728. Of the funds authorized in Section 79720, ~~two~~ *up to*
 37 *one hundred fifty* million dollars ~~(\$250,000,000)~~ *(\$100,000,000)*
 38 shall be available for improving groundwater quality, *including,*
 39 *but not limited to, the costs of planning, design, and construction*

1 *of improvements necessary to resume delivery of safe drinking*
2 *water.*

3 79729. (a) For the purposes of awarding funding under this
4 chapter, a local cost share of not less than 50 percent of the total
5 costs of the project shall be required. The cost-sharing requirement
6 may be waived or reduced for projects that directly benefit a
7 disadvantaged community or an economically distressed area.

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

11 (c) Funding authorized pursuant to this chapter shall include
12 funding for technical assistance to disadvantaged communities.
13 The agency administering this funding shall operate a
14 multidisciplinary technical assistance program for small and
15 disadvantaged communities.

16 (d) *Funding for planning activities, including technical*
17 *assistance, to benefit disadvantaged communities may exceed 10*
18 *percent of the funds allocated, subject to the determination of the*
19 *need for additional planning funding by the state agency*
20 *administering the funding.*

21

22 CHAPTER 6. PROTECTING RIVERS, LAKES, STREAMS, COASTAL
23 WATERS, AND WATERSHEDS
24

25 79730. (a) The sum of one billion five hundred million dollars
26 (\$1,500,000,000) shall be available, upon appropriation by the
27 Legislature from the fund, in accordance with this chapter, for
28 expenditures and grants for *multibenefit* ecosystem and watershed
29 protection and restoration projects, ~~including, but not limited to,~~
30 ~~for all of the following watersheds:~~ *projects in accordance with*
31 *statewide priorities.*

32 ~~(a) The San Joaquin River watershed.~~

33 ~~(b) The Kern River and Tulare Basin watersheds.~~

34 ~~(c) The Salton Sea and Colorado River watersheds.~~

35 ~~(d) The Los Angeles River watershed.~~

36 ~~(e) The San Gabriel River watershed.~~

37 ~~(f) The Santa Ana River watershed.~~

38 ~~(g) The Klamath River watershed, including the Trinity, Scott,~~
39 ~~and Shasta Rivers and watersheds.~~

40 ~~(h) The North Coast watersheds.~~

- 1 ~~(i) The San Francisco Bay watersheds.~~
 2 ~~(j) The Central Coast watersheds.~~
 3 ~~(k) The South Coast watersheds.~~
 4 ~~(l) The Lake Tahoe Basin watershed.~~
 5 ~~(m) The Sacramento River watershed, including the Yolo~~
 6 ~~Bypass.~~
 7 ~~(n) The San Diego County coastal watersheds.~~
 8 ~~(o) The Ventura River watershed.~~
 9 ~~(p) The Sierra Nevada Mountain watersheds.~~
 10 ~~(q) The Mojave River watershed.~~
 11 ~~(r) The Owens River watershed.~~
 12 ~~(s) The Santa Monica Bay watershed.~~
 13 ~~(t) The watersheds of Marin County.~~
 14 ~~(u) The watersheds of Orange County.~~
 15 *(b) Of the funds made available by this section, the following*
 16 *specified amounts shall be made available to the specified regions,*
 17 *with consideration of the population of each region:*
 18 *(1) _____ million dollars (\$_____) for the North Coast region.*
 19 *(2) _____ million dollars (\$_____) for the San Francisco Bay*
 20 *Area.*
 21 *(3) _____ million dollars (\$_____) for the Sierra Nevada and*
 22 *Cascade Range region.*
 23 *(4) _____ million dollars (\$_____) for the Central Coast region.*
 24 *(5) _____ million dollars (\$_____) for the Central Valley region.*
 25 *(6) _____ million dollars (\$_____) for the Southern California*
 26 *region.*
 27 79731. In protecting and restoring California rivers, lakes,
 28 streams, and watersheds, the purposes of this chapter are to:
 29 (a) Protect and increase the economic benefits arising from
 30 healthy watersheds, fishery resources, and instream flow.
 31 ~~(b) Help watershed ecosystems adapt to climate change.~~
 32 *(b) Implement watershed adaptation projects in order to reduce*
 33 *the impacts of climate change on California's communities and*
 34 *ecosystems.*
 35 (c) Restore river parkways throughout the state, including, but
 36 not limited to, projects pursuant to the California River Parkways
 37 Act of 2004 (Chapter 3.8 (commencing with Section 5750) of
 38 Division 5 of the Public Resources Code), in the Urban Streams
 39 Restoration Program established pursuant to Section 7048, and
 40 urban river greenways.

1 (d) Protect and restore aquatic, wetland, and migratory bird
2 ecosystems, including fish and wildlife corridors and the
3 acquisition of water rights for instream flow pursuant to Section
4 1707.

5 (e) Fulfill the obligations of the State of California in complying
6 with the terms of multiparty settlement agreements related to water
7 resources.

8 (f) Remove barriers to fish passage.

9 (g) Collaborate with federal agencies in the protection of fish
10 native to California and wetlands in the central valley of California.

11 (h) Implement fuel treatment projects to reduce wildfire risks,
12 protect watersheds tributary to water storage facilities, and promote
13 watershed health.

14 (i) Protect and restore rural and urban watershed health to
15 improve watershed storage capacity, forest health, protection of
16 life and property, stormwater resource management, and
17 greenhouse gas reduction.

18 (j) Promote access and recreational opportunities to watersheds
19 and waterways that are compatible with habitat values and water
20 quality objectives.

21 (k) Promote educational opportunities to instruct and inform
22 Californians, including young people, about the value of
23 watersheds.

24 *(l) Protect and restore coastal watersheds, including, but not*
25 *limited to, bays, marine estuaries, and nearshore ecosystems.*

26 *(m) Reduce pollution or contamination of rivers, lakes, streams,*
27 *or coastal waters, prevent and remediate mercury contamination*
28 *from legacy mines, and protect or restore natural system functions*
29 *that contribute to water supply, water quality, or flood*
30 *management.*

31 *(n) Assist in the recovery of endangered, threatened, or*
32 *migratory species by improving watershed health, instream flows*
33 *pursuant to Section 1707, fish passage, coastal or inland wetland*
34 *restoration, or other means, such as natural community*
35 *conservation plan and habitat conservation plan implementation.*

36 *(o) Promote urban forestry pursuant to the Urban Forest Act*
37 *of 1978 (Chapter 2 (commencing with Section 4799.06) of Division*
38 *4 of the Public Resources Code).*

39 79732. For restoration and ecosystem protection projects under
40 this chapter, the services of the California Conservation Corps or

1 a local conservation corps certified by the California Conservation
2 Corps shall be used whenever feasible.

3 79733. (a) Notwithstanding Section 79711, of the funds
4 authorized in Section 79730, five hundred million dollars
5 (\$500,000,000) shall be available to fulfill the obligations of the
6 State of California in complying with the terms of any of the
7 following:

8 (1) The February 18, 2010, Klamath Basin Restoration
9 Agreement.

10 (2) The Quantification Settlement Agreement, as defined in
11 subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.

12 (3) The San Joaquin River Restoration Settlement, as described
13 in Part I of Subtitle A of Title X of Public Law 111-11.

14 (4) Section 3406(d) of Title 34 of Public Law 102-575.

15 (5) *Other multiparty settlement agreements in effect as of*
16 *January 1, 2014, including the Tahoe Regional Planning Compact*
17 *set forth in Section 66801 of the Government Code.*

18 (b) Of the funds authorized in Section 79730, two hundred fifty
19 million dollars (\$250,000,000) shall be available to the Natural
20 Resources Agency to support projects of a state conservancy as
21 provided in the conservancy's strategic plan.

22 (c) *In order to guide the expenditure of funds described in this*
23 *chapter, the Natural Resources Agency shall develop a statewide*
24 *natural resource protection plan to identify priorities consistent*
25 *with the purposes of this section. All expenditures by state*
26 *conservancies and state agencies of funds described in this section*
27 *shall advance the priorities set forth in the statewide natural*
28 *resource protection plan.*

29 (d) *In coordination with the Natural Resources Agency, all state*
30 *conservancies expending funds provided pursuant to subdivision*
31 *(b) shall provide biannual written reports to the Natural Resources*
32 *Agency on expenditures made and how those expenditures advance*
33 *the statewide priorities set forth in the statewide natural resource*
34 *protection plan developed pursuant to subdivision (c). The Natural*
35 *Resources Agency shall produce and make available to the public*
36 *biannual written reports on total expenditures made and progress*
37 *toward meeting statewide priorities.*

38 79734. For the purposes of this chapter, the terms "protection"
39 and "restoration" have the meanings set forth in Section 75005 of
40 the Public Resources Code.

1 CHAPTER 7. CLIMATE CHANGE PREPAREDNESS FOR REGIONAL
2 WATER SECURITY
3

4 79740. The sum of one billion five hundred million dollars
5 (\$1,500,000,000) shall be available, upon appropriation by the
6 Legislature from the fund, for expenditures and competitive grants
7 and loans to ~~eligible projects that are included in, and implement~~
8 ~~an adopted integrated regional water management plan consistent~~
9 ~~with Part 2.2 (commencing with Section 10530) of Division 6~~
10 *respond to climate change and contribute to regional water*
11 *security as provided in this chapter.*

12 79741. In order to improve regional water self-reliance security
13 and adapt to the effects on water supply arising out of climate
14 change, the purposes of this chapter are to:

15 (a) Help water infrastructure systems adapt to climate change,
16 including, but not limited to, sea level rise.

17 (b) Incentivize water agencies throughout each watershed to
18 collaborate in managing the region's water resources and setting
19 regional priorities for water infrastructure.

20 (c) Improve regional water self-reliance, including projects that
21 reduce *future* reliance on the Delta *watershed* in meeting
22 California's future water supply needs, consistent with Section
23 85021.

24 (d) Fund the increment of project costs related to the project's
25 public benefits.

26 79742. (a) In selecting among proposed projects in a
27 watershed, the scope of the adopted integrated regional water
28 management plan may be considered by the administering state
29 agency, with priority going to projects in plans that cover a greater
30 portion of the watershed. If a plan covers substantially all of the
31 watershed, then the plan's project priorities shall be given
32 deference.

33 (b) An urban water supplier that does not prepare, adopt, and
34 submit its urban water management plan in accordance with the
35 Urban Water Management Planning Act (Part 2.6 (commencing
36 with Section 10610) of Division 6) is ineligible to apply for funds
37 made available pursuant to this chapter until the urban water
38 management plan is prepared and submitted in accordance with
39 the requirements of that act.

1 (c) An agricultural water supplier that does not prepare, adopt,
2 and submit its agricultural water management plan in accordance
3 with the Agricultural Water Management Planning Act (Part 2.8
4 (commencing with Section 10800) of Division 6) is ineligible to
5 apply for funds made available pursuant to this chapter until the
6 agricultural water management plan is prepared and submitted in
7 accordance with the requirements of that act.

8 (d) A local agency that does not prepare, adopt, and submit its
9 groundwater management plan in accordance with Part 2.75
10 (commencing with Section 10750) of Division 6 is ineligible to
11 apply for funds made available pursuant to this chapter until the
12 plan is prepared and submitted in accordance with the requirements
13 of that part. *The groundwater management plan requirement shall*
14 *not apply to a water replenishment district formed pursuant to*
15 *Division 18 (commencing with Section 60000) or to a local agency*
16 *that serves or has authority to manage an adjudicated groundwater*
17 *basin.*

18 (e) For the purposes of awarding funding under this chapter, a
19 cost share from nonstate sources of not less than 50 percent of the
20 total costs of the project shall be required. The cost sharing
21 requirement may be waived or reduced for projects that directly
22 benefit a disadvantaged community or an economically distressed
23 area.

24 (f) Not less than 10 percent of the funds authorized by this
25 chapter shall be allocated to projects that directly benefit
26 disadvantaged communities.

27 (g) For the purposes of awarding a grant under this chapter, the
28 applicant shall demonstrate that the integrated regional water
29 management plan the applicant's project implements addresses
30 the risks in the region to water supply and water infrastructure
31 arising from climate change.

32 (h) Projects that achieve multiple benefits shall receive special
33 consideration.

34 79743. Subject to the determination of regional priorities by
35 the regional water management group, eligible projects may
36 include, but are not limited to, projects that promote any of the
37 following:

38 (a) Water reuse and recycling.

39 (b) Water-use efficiency and water conservation.

- 1 (c) Local and regional surface and underground water storage,
2 including groundwater aquifer cleanup or recharge projects.
- 3 (d) Regional water conveyance facilities that improve integration
4 of separate water systems.
- 5 (e) Watershed protection, restoration, and management projects.
- 6 (f) Stormwater resource management, including, but not limited
7 to, the following:
- 8 (1) Projects to reduce, manage, treat, or capture rainwater or
9 stormwater.
- 10 (2) Projects that provide multiple benefits such as water quality,
11 water supply, flood control, or open space.
- 12 (3) Decision support tools that evaluate the benefits and costs
13 of multibenefit stormwater projects.
- 14 (4) Projects to implement a stormwater resource plan developed
15 in accordance with Part 2.3 (commencing with Section 10560) of
16 Division 6.
- 17 (g) Conjunctive use of surface and groundwater storage
18 facilities.
- 19 (h) Water desalination projects, including projects that
20 incorporate renewable energy generation and reduce ~~Delta exports~~
21 *regional reliance on water from the Delta watershed to meet*
22 *California's future water supply needs pursuant to Section 85021.*
- 23 (i) Decision support tools to model regional water management
24 strategies to account for climate change and other changes in
25 regional demand and supply projections.
- 26 79744. (a) Of the funds authorized in Section 79740, one
27 billion dollars (\$1,000,000,000) shall be allocated to the hydrologic
28 regions as identified in the California Water Plan in accordance
29 with this section. For the South Coast hydrologic region, the
30 department shall establish three funding areas that reflect the
31 watersheds of San Diego County (designated as the San Diego
32 subregion), the Santa Ana River watershed and southern Orange
33 County (designated as the Santa Ana subregion), and the Los
34 Angeles and Ventura County watersheds (designated as the Los
35 Angeles subregion), and shall allocate funds to those areas in
36 accordance with this subdivision. The North and South Lahontan
37 hydrologic regions shall be treated as one area for the purpose of
38 allocating funds. For purposes of this subdivision, the Sacramento
39 River hydrologic region does not include the Delta. For purposes
40 of this subdivision, the Mountain Counties Overlay is not eligible

1 for funds from the Sacramento River hydrologic region or the San
2 Joaquin River hydrologic region. Multiple integrated regional
3 water management plans may be recognized in each of the areas
4 allocated funding.

5 (b) Funds made available by this chapter shall be allocated as
6 follows:

- 7 (1) North Coast: \$45,000,000.
- 8 (2) San Francisco Bay: \$132,000,000.
- 9 (3) Central Coast: \$58,000,000.
- 10 (4) Los Angeles subregion: \$198,000,000.
- 11 (5) Santa Ana subregion: \$128,000,000.
- 12 (6) San Diego subregion: \$87,000,000.
- 13 (7) Sacramento River: \$76,000,000.
- 14 (8) San Joaquin River: \$64,000,000.
- 15 (9) Tulare/Kern: \$70,000,000.
- 16 (10) North/South Lahontan: \$51,000,000.
- 17 (11) Colorado River Basin: \$47,000,000.
- 18 (12) Mountain Counties Overlay: \$44,000,000.

19 79745. (a) Of the funds authorized by *Section 79740* up to
20 two hundred fifty million dollars (\$250,000,000) may be used for
21 direct expenditures, grants, and loans for water conservation and
22 water use efficiency plans, projects, and programs, including either
23 of the following:

24 (1) Urban water conservation plans, projects, and programs,
25 including regional projects and programs, implemented to achieve
26 urban water use targets developed pursuant to *Section 10608.20*.
27 Priority for funding shall be given to programs that do any of the
28 following:

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

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

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

1 (2) Agricultural water management plans or agricultural water
2 use efficiency projects and programs developed pursuant to Part
3 2.8 (commencing with Section 10800) of Division 6.

4 (b) Section 1011 applies to all conservation measures that an
5 agricultural water supplier or an urban water supplier implements
6 with funding under this chapter. This subdivision does not limit
7 the application of Section 1011 to any other measures or projects
8 implemented by a water supplier.

9 79746. Of the funds authorized by *Section 79740*, the sum of
10 five hundred million dollars (\$500,000,000) shall be available,
11 upon appropriation by the Legislature from the fund, for grants
12 and loans for water recycling and advanced treatment technology
13 projects, including all of the following:

14 (a) Water recycling projects.

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

17 (c) Dedicated distribution infrastructure for recycled water and
18 commercial and industrial end-user retrofit projects to allow use
19 of recycled water.

20 (d) Pilot projects for new salt and contaminant removal
21 technology.

22 (e) Groundwater recharge infrastructure related to recycled
23 water.

24 (f) Technical assistance and grant writing assistance for
25 disadvantaged communities.

26 (g) For projects funded pursuant to this section, at least a 50
27 percent local cost share shall be required. That cost share may be
28 suspended or reduced for disadvantaged communities and
29 economically distressed areas.

30 (h) Projects funded pursuant to this section shall be selected on
31 a competitive basis, considering all of the following criteria:

32 (1) Water supply reliability improvement.

33 (2) Water quality and ecosystem benefits related to decreased
34 reliance on diversions from the Delta or instream flows.

35 (3) Public health benefits from improved drinking water quality.

36 (4) Cost effectiveness.

37 (5) Energy efficiency and greenhouse gas emission impacts.

38 (i) For the purposes of this section, *eligible projects shall*
39 *implement* a plan or strategy by one or more regional water
40 agencies *or integrated regional water management groups* to

1 incorporate water recycling into the region’s water supplies ~~shall~~
 2 ~~satisfy the requirements for an integrated regional water~~
 3 ~~management plan, consistent with Part 2.2 (commencing with~~
 4 ~~Section 10530) of Division 6.~~

5 79747. (a) *Of the funds authorized by Section 79740, up to*
 6 *two hundred fifty million dollars (\$250,000,000) may be available*
 7 *for grants and loans for multibenefit stormwater management*
 8 *projects.*

9 (b) *Eligible projects may include, but shall not be limited to,*
 10 *green infrastructure, rainwater and stormwater capture projects,*
 11 *and stormwater treatment facilities.*

12 (c) *Development of plans for stormwater projects shall address*
 13 *the entire watershed and incorporate the perspectives of*
 14 *communities adjacent to the affected waterways, especially*
 15 *disadvantaged communities.*

16 79747.

17 79748. In order to receive funding authorized by this chapter
 18 to address groundwater quality or supply in an aquifer, the
 19 applicant shall demonstrate that a public agency has authority to
 20 manage the water resources in that aquifer. A groundwater
 21 management plan adopted and approved pursuant to Part 2.75
 22 (commencing with Section 10750) of Division 6 shall be deemed
 23 sufficient to satisfy the requirements of this section.

24

25 CHAPTER 8. SACRAMENTO-SAN JOAQUIN DELTA
 26 SUSTAINABILITY

27

28 79750. (a) The sum of one billion *dollars* (\$1,000,000,000)
 29 shall be available, upon appropriation by the Legislature from the
 30 fund, for grants and direct expenditures to improve the
 31 sustainability of the Delta.

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

36 79751. In order to promote the sustainability and resiliency of
 37 the Delta, the purposes of this chapter are to:

38 (a) Protect, restore, and enhance the Delta ecosystem.

39 (b) Maintain and improve existing Delta levees.

40 (c) Promote the sustainability of the Delta.

1 79752. The funds authorized in Section 79750 shall not be
2 used to pay the costs of a *public agency* exercising eminent domain
3 *to acquire or use property. All property acquired with moneys*
4 *available pursuant to this chapter shall be acquired from willing*
5 *sellers.*

6 ~~79753. Any project funded by this chapter shall include a~~
7 ~~partner that is a resident, landowner, public agency, or organization~~
8 ~~from one or more of the five Delta counties. For the purposes of~~
9 ~~this chapter, a partner from a Delta county shall have a significant~~
10 ~~role in the development and implementation of the funded project.~~

11 79754. Funding authorized by this chapter for the purpose of
12 subdivision (a) of Section 79751 may include, but is not limited
13 to, the following:

14 (a) Projects to protect and restore native fish and wildlife
15 dependent on the Delta ecosystem, including improvement of
16 aquatic or terrestrial habitat or the removal or reduction of
17 undesirable invasive species.

18 (b) Projects to reduce greenhouse gas emissions from exposed
19 Delta soils.

20 (c) Scientific studies and assessments that support the projects
21 authorized under this section.

22 79755. (a) Funding authorized by this chapter for the purpose
23 of subdivision (b) of Section 79751 shall reduce the risk of levee
24 failure and flood in the Delta and may be expended, consistent
25 with the Delta levee investment priorities recommended pursuant
26 to Section 85306, for any of the following:

27 (1) Local assistance under the Delta levee maintenance
28 subventions program under Part 9 (commencing with Section
29 12980) of Division 6, as that part may be amended.

30 (2) Special flood protection projects under Chapter 2
31 (commencing with Section 12310) of Part 4.8 of Division 6, as
32 that chapter may be amended.

33 (3) Levee improvement projects that increase the resiliency of
34 levees within the Delta to withstand earthquake, flooding, or sea
35 level rise.

36 (4) Emergency response and repair projects.

37 (b) All projects funded pursuant to this section shall be subject
38 to Section 79050.

1 CHAPTER 9. WATER STORAGE FOR CLIMATE CHANGE

2
3 79760. (a) Notwithstanding Section 162, the commission may
4 make the determinations, findings, and recommendations required
5 of it by this chapter independent of the views of the director. All
6 final actions by the commission in implementing this chapter shall
7 be taken by a majority of the members of the commission at a
8 public meeting noticed and held pursuant to the Bagley-Keene
9 Open Meeting Act (Article 9 (commencing with Section 11120)
10 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
11 Code).

12 ~~(b) Notwithstanding Section 13340 of the Government Code,~~
13 ~~the sum of one billion five hundred million dollars~~
14 ~~(\$1,500,000,000) is hereby continuously appropriated from the~~
15 ~~fund, without regard to fiscal years, to the commission for public~~
16 ~~benefits associated with water storage projects that improve the~~
17 ~~operation of the state water system, are cost effective, and provide~~
18 ~~a net improvement in ecosystem and water quality conditions, in~~
19 ~~accordance with this chapter. Funds authorized for, or made~~
20 ~~available to, the commission pursuant to this chapter shall be~~
21 ~~available and expended only for the purposes provided in this~~
22 ~~chapter, and shall not be subject to appropriation or transfer by the~~
23 ~~Legislature or the Governor for any other purpose.~~

24 *(b) (1) The commission shall submit its project selections to*
25 *any state agency created by statute for the purpose of oversight*
26 *of bond acts for confirmation of compliance with applicable legal*
27 *requirements.*

28 *(2) The commission shall submit project status reports as*
29 *requested to the Department of Finance or the state agency created*
30 *by statute described in paragraph (1).*

31 (c) Projects shall be selected by the commission through a
32 competitive public process that ranks potential projects based on
33 the expected return for public investment as measured by the
34 magnitude of the public benefits provided, pursuant to criteria
35 established under this chapter.

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

38 *(d) Only projects selected by the commission shall be eligible*
39 *for funding authorized by this chapter. Funding authorized by this*
40 *chapter shall be appropriated to the commission.*

1 (e) *The commission shall, to the extent feasible, maximize the*
2 *following:*

3 (1) *Leveraging of the funding made available in this chapter*
4 *with funds from federal, local, and private sources.*

5 (2) *Statewide storage benefits or regional storage benefits that*
6 *promote regional self-reliance.*

7 79761. (a) *The sum of one billion five hundred million dollars*
8 *(\$1,500,000,000) shall be available from the fund to the*
9 *commission, for expenditures, competitive grants, and loans for*
10 *public benefits associated with projects that expand the state's*
11 *water storage capacity.*

12 (b) (1) *Three hundred million dollars (\$300,000,000) is hereby*
13 *appropriated to the commission from the moneys available*
14 *pursuant to subdivision (a) for the purposes of this chapter during*
15 *each of the fiscal years from the 2015–16 fiscal year to the 2019–20*
16 *fiscal year, inclusive, unless the moneys in the fund available for*
17 *this chapter pursuant to subdivision (a) are exhausted.*

18 (2) *Funds appropriated pursuant to this subdivision shall be*
19 *available for encumbrance for three years in accordance with*
20 *Section 16304 of the Government Code.*

21 (3) *The Legislature may augment the appropriations made*
22 *pursuant to this subdivision until the funds are exhausted.*

23 (c) *The Legislature shall retain authority and responsibility for*
24 *oversight of the commission and expenditure of the funding*
25 *authorized by this chapter.*

26 ~~79761.~~

27 79762. *In order to expand the state's water storage capacity to*
28 *address the impacts of climate change on the snow pack in the*
29 *Sierra Nevada Mountains and water storage resources, the purposes*
30 *of this chapter are to:*

31 (a) *Construct new surface water storage projects.*

32 (b) *Restore and expand groundwater aquifer storage capacity.*

33 (c) *Restore water storage capacity of existing surface water*
34 *storage reservoirs.*

35 (d) *Remediate or prevent contamination of groundwater*
36 *aquifers.*

37 (e) *Construct and expand stormwater retention facilities.*

38 ~~79762.~~

39 79763. *Projects for which the public benefits are eligible for*
40 *funding under this chapter consist of only the following:*

1 (a) Surface storage projects identified in the CALFED Bay-Delta
2 Program, except for projects prohibited by Chapter 1.4
3 (commencing with Section 5093.50) of Division 5 of the Public
4 Resources Code.

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

8 (c) Conjunctive use and reservoir reoperation projects.

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

11 (e) Projects that remove sediment, improve dam stability in
12 seismic events, or otherwise restore water storage capacity in
13 existing water storage reservoirs.

14 (f) *Projects that the United States Bureau of Reclamation*
15 *develops through its Water SMART storage program.*

16 ~~79763.~~

17 ~~79764.~~ A project *in the Delta watershed or an area that*
18 *receives water from the Delta watershed* shall not be funded
19 pursuant to this chapter unless it provides measurable
20 improvements to the Delta ecosystem or ~~to the tributaries to the~~
21 *Delta watershed.*

22 ~~79764.~~

23 79765. (a) Funds allocated pursuant to this chapter may be
24 expended solely for the following public benefits associated with
25 water storage projects:

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

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

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

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

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

6 ~~(4) Regional water storage benefits for more than one drinking~~
7 ~~water supplier or more than three million people.~~

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

12 ~~79765.~~

13 79766. In consultation with the Department of Fish and ~~Game~~
14 ~~Wildlife~~, the State Water Resources Control Board, and the
15 department, the commission shall develop and adopt, by regulation,
16 methods for quantification and management of public benefits
17 described in Section ~~79764~~ 79765 by December 15, 2014. The
18 regulations shall include the priorities and relative environmental
19 value of ecosystem benefits as provided by the Department of Fish
20 and ~~Game Wildlife~~ and the priorities and relative environmental
21 value of water quality benefits as provided by the State Water
22 Resources Control Board.

23 ~~79766.~~

24 79767. (a) Except as provided in subdivision (c), no funds
25 allocated pursuant to this chapter may be allocated for a project
26 before December 15, 2014, and until the commission approves the
27 project based on the commission's determination that all of the
28 following have occurred:

29 (1) The commission has adopted the regulations specified in
30 Section ~~79765~~ 79766 and specifically quantified and made public
31 the cost of the public benefits associated with the project.

32 (2) The department has entered into a contract with each party
33 that will derive benefits, other than public benefits, as defined in
34 Section ~~79764~~ 79765, from the project that ensures the party will
35 pay its share of the total costs of the project. The benefits available
36 to a party shall be consistent with that party's share of total project
37 costs.

38 (3) The department has entered into a contract with each public
39 agency identified in Section ~~79765~~ 79766 that administers the
40 public benefits, after that agency makes a finding that the public

1 benefits of the project for which that agency is responsible meet
2 all the requirements of this chapter, to ensure that the public
3 contribution of funds pursuant to this chapter achieves the public
4 benefits identified for the project.

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

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

10 (A) Feasibility studies have been completed.

11 (B) The commission has found and determined that the project
12 is feasible, is consistent with all applicable laws and regulations,
13 and, *if the project is in the Delta watershed or an area that receives*
14 *water from the Delta watershed, will advance the long-term*
15 *objectives of restoring ecological health and improving water*
16 *management for beneficial uses of the Delta policy objectives*
17 *specified in Section 85020.*

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

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

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

28 ~~79767.~~

29 ~~79768.~~ (a) The public benefit cost share of a project funded
30 pursuant to this chapter, ~~other than a project described in~~
31 ~~subdivision (c) of Section 79762,~~ may not exceed 50 percent of
32 the total costs of any project funded under this chapter.

33 ~~(b) No project may be funded unless it provides ecosystem~~
34 ~~improvements as described in paragraph (1) of subdivision (a) of~~
35 ~~Section 79764 that are at least 50 percent of total public benefits~~
36 ~~of the project funded under this chapter.~~

37 ~~(e)~~

38 (b) In order to receive funding authorized by this chapter to
39 improve groundwater storage in an aquifer, the applicant shall

1 demonstrate that a public agency has authority to manage the water
2 resources in that aquifer.

3 ~~79768.~~

4 79769. (a) A project is not eligible for funding under this
5 chapter unless, by January 1, 2018, all of the following conditions
6 are met:

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

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

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

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

22 *79770. (a) Funding authorized by this chapter shall not be*
23 *used to pay any share of the costs of remediation attributed to*
24 *parties responsible for the contamination of a groundwater storage*
25 *aquifer, but may be used to pay costs that cannot be recovered*
26 *from responsible parties. Parties that receive funding for*
27 *remediating groundwater storage aquifers shall exercise their best*
28 *efforts to recover the costs of groundwater cleanup from the parties*
29 *responsible for the contamination.*

30 *(b) Projects that leverage funding from local agencies and*
31 *responsible parties to the maximum extent possible shall receive*
32 *priority consideration in groundwater storage project selection.*

33

34 CHAPTER 10. FISCAL PROVISIONS

35

36 79800. (a) Bonds in the total amount of six billion five hundred
37 million dollars (\$6,500,000,000), or so much thereof as is
38 necessary, not including the amount of any refunding bonds issued
39 in accordance with Section 79812 may be issued and sold to
40 provide a fund to be used for carrying out the purposes expressed

1 in this division and to reimburse the General Obligation Bond
2 Expense Revolving Fund pursuant to Section 16724.5 of the
3 Government Code. The bonds, when sold, shall be and constitute
4 a valid and binding obligation of the State of California, and the
5 full faith and credit of the State of California is hereby pledged
6 for the punctual payment of both principal of, and interest on, the
7 bonds as the principal and interest become due and payable.

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

13 79801. The bonds authorized by this division shall be prepared,
14 executed, issued, sold, paid, and redeemed as provided in the State
15 General Obligation Bond Law (Chapter 4 (commencing with
16 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
17 Code), and all of the provisions of that law apply to the bonds and
18 to this division and are hereby incorporated in this division as
19 though set forth in full in this division, except subdivisions (a) and
20 (b) of Section 16727 of the Government Code.

21 79802. (a) Solely for the purpose of authorizing the issuance
22 and sale pursuant to the State General Obligation Bond Law
23 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
24 4 of Title 2 of the Government Code) of the bonds authorized by
25 this division, the ~~Climate Change Response for Clean and Safe~~
26 ~~Drinking Water Finance Committee~~ is hereby created. For purposes
27 of this division, the ~~Climate Change Response for Clean and Safe~~
28 ~~Drinking Water Finance Committee~~ is “the committee” as that
29 term is used in the State General Obligation Bond Law.

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

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

37 (d) A majority of the committee may act for the committee.

38 79803. The committee shall determine whether or not it is
39 necessary or desirable to issue bonds authorized pursuant to this
40 division in order to carry out the actions specified in this division

1 and, if so, the amount of bonds to be issued and sold. Successive
2 issues of bonds may be authorized and sold to carry out those
3 actions progressively, and it is not necessary that all of the bonds
4 authorized to be issued be sold at any one time.

5 79804. For purposes of the State General Obligation Bond
6 Law, “board,” as defined in Section 16722 of the Government
7 Code, means the Department of Water Resources.

8 79805. There shall be collected each year and in the same
9 manner and at the same time as other state revenue is collected,
10 in addition to the ordinary revenues of the state, a sum in an amount
11 required to pay the principal of, and interest on, the bonds each
12 year. It is the duty of all officers charged by law with any duty in
13 regard to the collection of the revenue to do and perform each and
14 every act that is necessary to collect that additional sum.

15 79806. Notwithstanding Section 13340 of the Government
16 Code, there is hereby appropriated from the General Fund in the
17 State Treasury, for the purposes of this division, an amount that
18 will equal the total of the following:

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

22 (b) The sum that is necessary to carry out the provisions of
23 Section 79809, appropriated without regard to fiscal years.

24 79807. The board may request the Pooled Money Investment
25 Board to make a loan from the Pooled Money Investment Account
26 in accordance with Section 16312 of the Government Code for the
27 purpose of carrying out this division less any amount withdrawn
28 pursuant to Section 79809. The amount of the request shall not
29 exceed the amount of the unsold bonds that the committee has, by
30 resolution, authorized to be sold for the purpose of carrying out
31 this division. The board shall execute those documents required
32 by the Pooled Money Investment Board to obtain and repay the
33 loan. Any amounts loaned shall be deposited in the fund to be
34 allocated in accordance with this division.

35 79808. Notwithstanding any other provision of this division,
36 or of the State General Obligation Bond Law, if the Treasurer sells
37 bonds that include a bond counsel opinion to the effect that the
38 interest on the bonds is excluded from gross income for federal
39 tax purposes under designated conditions or is otherwise entitled
40 to any federal tax advantage, the Treasurer may maintain separate

1 accounts for the bond proceeds invested and for the investment
2 earnings on those proceeds, and may use or direct the use of those
3 proceeds or earnings to pay any rebate, penalty, or other payment
4 required under federal law or take any other action with respect
5 to the investment and use of those bond proceeds, as may be
6 required or desirable under federal law in order to maintain the
7 tax-exempt status of those bonds and to obtain any other advantage
8 under federal law on behalf of the funds of this state.

9 79809. For the purposes of carrying out this division, the
10 Director of Finance may authorize the withdrawal from the General
11 Fund of an amount or amounts not to exceed the amount of the
12 unsold bonds that have been authorized by the committee to be
13 sold for the purpose of carrying out this division less any amount
14 borrowed pursuant to Section 79807. Any amounts withdrawn
15 shall be deposited in the fund. Any money made available under
16 this section shall be returned to the General Fund, with interest at
17 the rate earned by the money in the Pooled Money Investment
18 Account, from proceeds received from the sale of bonds for the
19 purpose of carrying out this division.

20 79810. All money deposited in the fund that is derived from
21 premium and accrued interest on bonds sold pursuant to this
22 division shall be reserved in the fund and shall be available for
23 transfer to the General Fund as a credit to expenditures for bond
24 interest, except that amounts derived from premium may be
25 reserved and used to pay the cost of bond issuance prior to any
26 transfer to the General Fund.

27 79811. Pursuant to Chapter 4 (commencing with Section
28 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
29 the cost of bond issuance shall be paid out of the bond proceeds,
30 including premium, if any. To the extent the cost of bond issuance
31 is not paid from premiums received from the sale of bonds, these
32 costs shall be shared proportionately by each program funded
33 through this division by the applicable bond sale.

34 79812. The bonds issued and sold pursuant to this division
35 may be refunded in accordance with Article 6 (commencing with
36 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
37 the Government Code, which is a part of the State General
38 Obligation Bond Law. Approval by the voters of the state for the
39 issuance of the bonds under this division shall include approval

1 of the issuance of any bonds issued to refund any bonds originally
2 issued under this division or any previously issued refunding bonds.

3 79813. The proceeds from the sale of bonds authorized by this
4 division are not “proceeds of taxes” as that term is used in Article
5 XIII B of the California Constitution, and the disbursement of
6 these proceeds is not subject to the limitations imposed by that
7 article.

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

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

15 SEC. 5. Section 2 of this act shall take effect upon the approval
16 by the voters of the ~~Climate Change Response for Clean and Safe~~
17 Drinking Water Act of 2014, as set forth in that section at the
18 November 4, 2014, statewide general election.