

AMENDED IN SENATE MARCH 5, 2014  
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**

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**Introduced by Assembly Member Rendon**

February 22, 2013

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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 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. 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 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~~ \$8,000,000,000 pursuant to the State General Obligation Bond Law to finance a 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: <sup>2</sup>/<sub>3</sub>. 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3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.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. CLEAN AND SAFE DRINKING WATER  
8 ACT OF 2014.

9  
10 CHAPTER 1. SHORT TITLE

11  
12 79700. This division shall be known, and may be cited, as the  
13 Clean and Safe Drinking Water Act of 2014.

14  
15 CHAPTER 2. FINDINGS

16  
17 79701. The people of California find and declare all of the  
18 following:

19 (a) Safeguarding supplies of clean and safe drinking water to  
20 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 .

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

24 (e) In the years since the voters approved the State Water  
25 Project, California’s population has continued to grow, from less  
26 than 16 million in 1960 to more than 37 million in 2010. A growing  
27 population and a growing economy have put greater stress on  
28 California’s natural resources, including water. The Department  
29 of Finance projects that California’s population will reach 50  
30 million by 2049.

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

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

1 79702. The people of California find and declare all of the  
2 following:

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

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

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

17 (d) Addressing the challenges to the sustainability of the Delta,  
18 the heart of the California water system, will help resolve some  
19 of the conflicts that impede progress in improving the statewide  
20 water system.

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

28

29 CHAPTER 3. DEFINITIONS

30

31 79703. Unless the context otherwise requires, the definitions  
32 set forth in this section govern the construction of this division, as  
33 follows:

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

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

37 (c) “Committee” means the Clean and Safe Drinking Water  
38 Finance Committee created by Section 79802.

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

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

5 (f) “Delta counties” means the Counties of Contra Costa,  
6 Sacramento, San Joaquin, Solano, and Yolo.

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

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

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

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

19 (1) Financial hardship.

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

22 (3) Low population density.

23 (k) “Fund” means the Clean and Safe Drinking Water Fund of  
24 2014 created by Section 79717.

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

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

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

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

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

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

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

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

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

9

10 CHAPTER 4. GENERAL PROVISIONS

11

12 79705. An amount that equals not more than 5 percent of the  
 13 funds allocated for a ~~grant~~ *financial assistance* program pursuant  
 14 to this division may be used to pay the administrative costs of that  
 15 program.

16 79706. Unless otherwise specified, up to 10 percent of funds  
 17 allocated for each program funded by this division may be  
 18 expended for planning and monitoring necessary for the successful  
 19 design, selection, and implementation of the projects authorized  
 20 under that program. This section shall not otherwise restrict funds  
 21 ordinarily used by an agency for “preliminary plans,” “working  
 22 drawings,” and “construction” as defined in the annual Budget Act  
 23 for a capital outlay project or grant project. ~~Water quality~~  
 24 ~~monitoring shall be integrated into the surface water ambient~~  
 25 ~~monitoring program administered by the State Water Resources~~  
 26 ~~Control Board. Watershed monitoring shall be integrated into the~~  
 27 ~~statewide watershed program data shall be collected and reported~~  
 28 ~~to the State Water Resources Control Board in a manner that is~~  
 29 ~~compatible and consistent with surface water monitoring data~~  
 30 ~~systems or groundwater monitoring data systems administered by~~  
 31 ~~the State Water Resources Control Board. Watershed monitoring~~  
 32 ~~data shall be collected and reported to the Department of~~  
 33 ~~Conservation in a manner that is compatible and consistent with~~  
 34 ~~the statewide watershed program data system administered by the~~  
 35 Department of Conservation.

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

1 79708. (a) Prior to disbursing grants or loans pursuant to this  
2 division, each state agency that receives an appropriation from the  
3 funding made available by this division to administer a competitive  
4 grant or loan program under this division shall develop and adopt  
5 project solicitation and evaluation guidelines. The guidelines shall  
6 include monitoring and reporting requirements and may include  
7 a limitation on the dollar amount of grants or loans to be awarded.  
8 *If the state agency previously has developed and adopted project*  
9 *solicitation and evaluation guidelines that comply with the*  
10 *requirements of this subdivision, it may use those guidelines.*

11 (b) Prior to disbursing grants or loans, the state agency shall  
12 conduct three public meetings to consider public comments prior  
13 to finalizing the guidelines, *as the implementing state agency*  
14 *determines to be necessary.* The state agency shall publish the  
15 draft solicitation and evaluation guidelines on its Internet Web site  
16 at least 30 days before ~~the any~~ public meetings *held pursuant to*  
17 *this subdivision.* ~~One meeting shall be conducted at a location in~~  
18 ~~northern California, one meeting shall be conducted at a location~~  
19 ~~in the central valley of California, and one meeting shall be~~  
20 ~~conducted at a location in southern California.~~ Upon adoption, the  
21 state agency shall transmit copies of the guidelines to the fiscal  
22 committees and the appropriate policy committees of the  
23 Legislature.

24 79709. It is the intent of the people that:

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

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

30 (c) Any relevant statute enacted before voters approve this bond  
31 ~~shall~~ *will* be considered in the appropriation and expenditure of  
32 the funding authorized by this division.

33 (d) In the appropriation and expenditure of funding authorized  
34 by this division, priority ~~shall~~ *will* be given to projects that leverage  
35 private, federal, or local funding or produce the greatest public  
36 benefit.

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

1 (f) In making decisions regarding water resources, state and  
2 local water agencies use the best available science to inform those  
3 decisions.

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

9 (h) Projects funded with proceeds from this division ~~shall will~~  
10 contribute to improving the sustainability of local communities.

11 (i) Except as provided in Sections 79726 and 79727, the costs  
12 of stewardship, operation, and maintenance of the projects funded  
13 by this division ~~shall will~~ be paid from other sources of revenue  
14 that are sustainable over the long term.

15 (j) Evaluation of projects considered for funding pursuant to  
16 this division ~~shall will~~ include review by professionals in the fields  
17 relevant to the proposed project.

18 (k) To the extent practicable, a project supported by funds made  
19 available by this division ~~shall will~~ include signage informing the  
20 public that the project received funds from the Clean and Safe  
21 Drinking Water Act of 2014.

22 (l) Projects funded with proceeds from this division ~~shall will~~  
23 be consistent with Division 7 (commencing with Section 13000)  
24 of this code and Section 13100 of the Government Code.

25 79710. (a) The California State Auditor shall annually conduct  
26 a programmatic review and an audit of expenditures from the fund.

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

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

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

39 79711. (a) Funds provided by this division shall not be  
40 expended to support or pay for the costs of environmental

1 mitigation measures or environmental compliance obligations of  
2 any party except as part of the environmental mitigation costs of  
3 projects financed by this division. Funds provided by this division  
4 may be used for environmental enhancements or other public  
5 benefits.

6 (b) Funds provided by this division shall not be expended for  
7 the acquisition or transfer of water rights except for a permanent  
8 dedication of water approved in accordance with Section 1707  
9 where the state board specifies that the water is in addition to water  
10 that is required for regulatory requirements as provided in  
11 subdivision (c) of Section 1707. The requirement that a dedication  
12 of water be permanent shall not preclude the expenditure of funds  
13 provided by this division for the initiation of the dedication as a  
14 short-term or temporary urgency change, that is approved in  
15 accordance with Section 1707 and either Chapter 6.6 (commencing  
16 with Section 1435) of, or Chapter 10.5 (commencing with Section  
17 1725) of, Part 2 of Division 2, during the period required to prepare  
18 any environmental documentation and for approval of permanent  
19 dedication.

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

25 79713. (a) This division does not diminish, impair, or  
26 otherwise affect in any manner whatsoever any area of origin,  
27 watershed of origin, county of origin, or any other water rights  
28 protections, including, but not limited to, rights to water  
29 appropriated prior to December 19, 1914, provided under the law.  
30 This division does not limit or affect the application of Article 1.7  
31 (commencing with Section 1215) of Chapter 1 of Part 2 of Division  
32 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and  
33 11463, and Sections 12200 to 12220, inclusive.

34 (b) For the purposes of this division, an area that utilizes water  
35 that has been diverted and conveyed from the Sacramento River  
36 hydrologic region, for use outside the Sacramento River hydrologic  
37 region or the Delta, shall not be deemed to be immediately adjacent  
38 thereto or capable of being conveniently supplied with water  
39 therefrom by virtue or on account of the diversion and conveyance

1 of that water through facilities that may be constructed for that  
2 purpose after January 1, 2014.

3 (c) Nothing in this division supersedes, limits, or otherwise  
4 modifies the applicability of Chapter 10 (commencing with Section  
5 1700) of Part 2 of Division 2, including petitions related to any  
6 new conveyance constructed or operated in accordance with  
7 Chapter 2 (commencing with Section 85320) of Part 4 of Division  
8 35.

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

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

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

29 79714. Eligible applicants under this division are public  
30 agencies, *public utilities*, federally recognized Indian tribes, *state*  
31 *Indian tribes listed on the Native American Heritage Commission's*  
32 *California Tribal Consultation List*, and nonprofit organizations.  
33 A public agency may use funding authorized by this division to  
34 benefit recipients of water from ~~public utilities~~ or mutual water  
35 companies that operate a public water system if the funding  
36 provides public benefits. *To be eligible for funding under this*  
37 *division, a project proposed by a public utility shall have a clear*  
38 *and definite public purpose, benefit its customers, and comply with*  
39 *Public Utilities Commission rules on government funding for public*  
40 *utilities.*

1 79715. The Legislature may enact legislation necessary to  
2 implement programs funded by this division.

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

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

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

13 79717. The proceeds of bonds issued and sold pursuant to this  
14 division shall be deposited ~~in~~ into the Clean and Safe Drinking  
15 Water Fund of 2014, which is hereby created in the State Treasury.

16 79718. (a) The funding authorized by this division shall be  
17 subject to the oversight of a state agency established by statute for  
18 that purpose.

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

24

25 CHAPTER 5. CLEAN AND SAFE DRINKING WATER

26

27 79720. The sum of one billion dollars (\$1,000,000,000) shall  
28 be available, upon appropriation by the Legislature from the fund,  
29 for expenditures, grants, and loans for projects that improve water  
30 quality or help provide clean and safe drinking water to all  
31 Californians.

32 79721. The projects eligible for funding pursuant to this chapter  
33 shall help improve water quality for a beneficial use. The purposes  
34 of this chapter are to:

35 (a) Reduce contaminants in drinking water supplies regardless  
36 of the source of the water or the contamination, including the  
37 assessment and prioritization of the risk to the safety of drinking  
38 water supplies.

39 (b) Address the critical and immediate needs of disadvantaged,  
40 rural, or small communities that suffer from contaminated drinking

1 water supplies, including, but not limited to, projects that address  
2 a public health emergency.

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

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

7 (e) Improve water quality of surface water streams, including  
8 multibenefit stormwater quality projects.

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

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

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

15 79722. (a) A project that receives funding under this chapter  
16 shall be selected by a competitive grant or loan process with added  
17 consideration for those projects that leverage private, federal, or  
18 local funding. This subdivision shall not apply to projects for the  
19 purposes of Section 79727 that address a public health priority for  
20 which no other source of funding can be identified.

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

24 (c) A project that receives funding authorized by this chapter  
25 may be implemented by any public water system or other public  
26 water agency.

27 79723. An applicant for a project to clean up a groundwater  
28 aquifer shall demonstrate that a public agency has authority to  
29 manage the water resources in that aquifer in order to be eligible  
30 for funding pursuant to this chapter. This section does not apply  
31 to projects that install treatment facilities at the wellhead, customer  
32 connection, or the tap.

33 79724. The contaminants that may be addressed with funding  
34 pursuant to this chapter may include, but shall not be limited to,  
35 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,  
36 selenium, hexavalent chromium, mercury, PCE  
37 (perchloroethylene), TCE (trichloroethylene), DCE  
38 (dichloroethene), DCA (dichloroethane), 1, 2, 3 TCP  
39 (trichloropropane), carbon tetrachloride, 1,4-dioxane,

1 1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron,  
2 manganese, and uranium.

3 79725. Of the funds authorized in Section 79720, not less than  
4 four hundred million dollars (\$400,000,000) shall be available for  
5 deposit in the State Water Pollution Control Revolving Fund Small  
6 Community Grant Fund created pursuant to Section 13477.6 for  
7 grants for wastewater treatment projects. Priority shall be given  
8 to projects that serve disadvantaged communities and severely  
9 disadvantaged communities, and to projects that address public  
10 health hazards. Projects shall include, but not be limited to, projects  
11 that identify, plan, design, and implement regional mechanisms  
12 to consolidate wastewater systems or provide affordable treatment  
13 technologies.

14 79726. (a) Of the funds authorized in Section 79720, one  
15 hundred million dollars (\$100,000,000) shall be available for  
16 deposit in the Emergency Clean Water Grant Fund, established  
17 pursuant to Section 116475 of the Health and Safety Code, for  
18 grants and direct expenditures to finance public health emergencies  
19 and urgent actions, as may be determined by the Legislature, to  
20 ensure that safe drinking water supplies are available to all  
21 Californians. Eligible projects include, but are not limited to, the  
22 following:

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

25 (2) Identifying, planning, designing, and constructing projects  
26 that improve existing water systems to provide safe, reliable,  
27 accessible, and affordable drinking water, provide other sources  
28 of safe drinking water, including, but not limited to, replacement  
29 wells, and prevent contamination.

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

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

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

37 79727. (a) Of the funds authorized in Section 79720, four  
38 hundred million dollars (\$400,000,000) shall be available for grants  
39 and loans for public water system infrastructure improvements  
40 and related actions to meet safe drinking water standards, ensure

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

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

29 79728. Of the funds authorized in Section 79720, up to one  
30 hundred million dollars (\$100,000,000) shall be available for  
31 improving groundwater quality, including, but not limited to, the  
32 costs of planning, design, and construction of improvements  
33 necessary to resume delivery of safe drinking water.

34 79729. (a) For the purposes of awarding funding under this  
35 chapter, a local cost share of not less than 50 percent of the total  
36 costs of the project shall be required. The cost-sharing requirement  
37 may be waived or reduced for projects that directly benefit a  
38 disadvantaged community or an economically distressed area.

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

4 (c) Funding authorized pursuant to this chapter shall include  
5 funding for technical assistance to disadvantaged communities.  
6 The agency administering this funding shall operate a  
7 multidisciplinary technical assistance program for small and  
8 disadvantaged communities.

9 (d) Funding for planning activities, including technical  
10 assistance, to benefit disadvantaged communities may exceed 10  
11 percent of the funds allocated, subject to the determination of the  
12 need for additional planning funding by the state agency  
13 administering the funding.

14

15 CHAPTER 6. PROTECTING RIVERS, LAKES, STREAMS, COASTAL  
16 WATERS, AND WATERSHEDS

17

18 79730. (a) The sum of one billion five hundred million dollars  
19 (\$1,500,000,000) shall be available, upon appropriation by the  
20 Legislature from the fund, in accordance with this chapter, for  
21 expenditures and grants for multibenefit ecosystem and watershed  
22 protection and restoration projects in accordance with statewide  
23 priorities.

24 (b) Of the funds made available by this section, the following  
25 specified amounts shall be made available to the specified regions,  
26 with consideration of the population of each region:

27 (1) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the North Coast region.

28 (2) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the San Francisco Bay  
29 Area.

30 (3) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Sierra Nevada and  
31 Cascade Range region.

32 (4) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Central Coast region.

33 (5) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Central Valley region.

34 (6) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Southern California  
35 region.

36 79731. In protecting and restoring California rivers, lakes,  
37 streams, and watersheds, the purposes of this chapter are to:

38 (a) Protect and increase the economic benefits arising from  
39 healthy watersheds, fishery resources, and instream flow.

- 1 (b) Implement watershed adaptation projects in order to reduce  
2 the impacts of climate change on California's communities and  
3 ecosystems.
- 4 (c) Restore river parkways throughout the state, including, but  
5 not limited to, projects pursuant to the California River Parkways  
6 Act of 2004 (Chapter 3.8 (commencing with Section 5750) of  
7 Division 5 of the Public Resources Code), in the Urban Streams  
8 Restoration Program established pursuant to Section 7048, and  
9 urban river greenways.
- 10 (d) Protect and restore aquatic, wetland, and migratory bird  
11 ecosystems, including fish and wildlife corridors and the  
12 acquisition of water rights for instream flow pursuant to Section  
13 1707.
- 14 (e) Fulfill the obligations of the State of California in complying  
15 with the terms of multiparty settlement agreements related to water  
16 resources.
- 17 (f) Remove barriers to fish passage.
- 18 (g) Collaborate with federal agencies in the protection of fish  
19 native to California and wetlands in the central valley of California.
- 20 (h) Implement fuel treatment projects to reduce wildfire risks,  
21 protect watersheds tributary to water storage facilities, and promote  
22 watershed health.
- 23 (i) Protect and restore rural and urban watershed health to  
24 improve watershed storage capacity, forest health, protection of  
25 life and property, stormwater resource management, and  
26 greenhouse gas reduction.
- 27 (j) Promote access and recreational opportunities to watersheds  
28 and waterways that are compatible with habitat values and water  
29 quality objectives.
- 30 (k) Promote educational opportunities to instruct and inform  
31 Californians, including young people, about the value of  
32 watersheds.
- 33 (l) Protect and restore coastal watersheds, including, but not  
34 limited to, bays, marine estuaries, and nearshore ecosystems.
- 35 (m) Reduce pollution or contamination of rivers, lakes, streams,  
36 or coastal waters, prevent and remediate mercury contamination  
37 from legacy mines, and protect or restore natural system functions  
38 that contribute to water supply, water quality, or flood management.
- 39 (n) Assist in the recovery of endangered, threatened, or  
40 migratory species by improving watershed health, instream flows

1 pursuant to Section 1707, fish passage, coastal or inland wetland  
2 restoration, or other means, such as natural community  
3 conservation plan and habitat conservation plan implementation.

4 (o) Promote urban forestry pursuant to the Urban Forest Act of  
5 1978 (Chapter 2 (commencing with Section 4799.06) of Division  
6 4 of the Public Resources Code).

7 79732. For restoration and ecosystem protection projects under  
8 this chapter, the services of the California Conservation Corps or  
9 a local conservation corps certified by the California Conservation  
10 Corps shall be used whenever feasible.

11 79733. (a) Notwithstanding Section 79711, of the funds  
12 authorized in Section 79730, five hundred million dollars  
13 (\$500,000,000) shall be available to fulfill the obligations of the  
14 State of California in complying with the terms of any of the  
15 following:

16 (1) The February 18, 2010, Klamath Basin Restoration  
17 Agreement *or Klamath Hydroelectric Settlement Agreement*.

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

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

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

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

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

30 (c) In order to guide the expenditure of funds described in this  
31 chapter, the Natural Resources Agency shall develop a statewide  
32 natural resource protection plan to identify priorities consistent  
33 with the purposes of this section. All expenditures by state  
34 conservancies and state agencies of funds described in this section  
35 shall advance the priorities set forth in the statewide natural  
36 resource protection plan.

37 (d) In coordination with the Natural Resources Agency, all state  
38 conservancies expending funds provided pursuant to subdivision  
39 (b) shall provide biannual written reports to the Natural Resources  
40 Agency on expenditures made and how those expenditures advance

1 the statewide priorities set forth in the statewide natural resource  
2 protection plan developed pursuant to subdivision (c). The Natural  
3 Resources Agency shall produce and make available to the public  
4 biannual written reports on total expenditures made and progress  
5 toward meeting statewide priorities.

6 79734. For the purposes of this chapter, the terms “protection”  
7 and “restoration” have the meanings set forth in Section 75005 of  
8 the Public Resources Code.

9

10 CHAPTER 7. CLIMATE CHANGE PREPAREDNESS FOR REGIONAL  
11 WATER SECURITY  
12

13 79740. The sum of ~~one two billion five hundred million~~ dollars  
14 ~~(\$1,500,000,000)~~ (\$2,000,000,000) shall be available, upon  
15 appropriation by the Legislature from the fund, for expenditures  
16 and competitive grants and loans to projects that respond to climate  
17 change and contribute to regional water security as provided in  
18 this chapter.

19 79741. In order to improve regional water self-reliance security  
20 and adapt to the effects on water supply arising out of climate  
21 change, the purposes of this chapter are to:

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

24 (b) ~~Incentivize~~ *Provide incentives for* water agencies throughout  
25 each watershed to collaborate in managing the region’s water  
26 resources and setting regional priorities for water infrastructure.

27 (c) Improve regional water self-reliance, including projects that  
28 reduce future reliance on the Delta watershed in meeting  
29 California’s future water supply needs, consistent with Section  
30 85021.

31 (d) Fund the increment of project costs related to the project’s  
32 public benefits.

33 79742. (a) In selecting among proposed projects in a  
34 watershed, the scope of the adopted integrated regional water  
35 management plan may be considered by the administering state  
36 agency, with priority going to projects in plans that cover a greater  
37 portion of the watershed. If a plan covers substantially all of the  
38 watershed, then the plan’s project priorities shall be given  
39 deference.

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

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

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

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

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

34 (g) For the purposes of awarding ~~a grant~~ *funding* under this  
35 chapter, the applicant shall demonstrate that the integrated regional  
36 water management plan the applicant's project implements  
37 addresses the risks in the region to water supply and water  
38 infrastructure arising from climate change.

39 (h) Projects that achieve multiple benefits shall receive special  
40 consideration.

1 79743. Subject to the determination of regional priorities by  
2 the regional water management group, eligible projects may  
3 include, but are not limited to, projects that promote any of the  
4 following:

- 5 (a) Water reuse and recycling.
- 6 (b) Water-use efficiency and water conservation.
- 7 (c) Local and regional surface and underground water storage,  
8 including groundwater aquifer cleanup or recharge projects.
- 9 (d) Regional water conveyance facilities that improve integration  
10 of separate water systems.
- 11 (e) Watershed protection, restoration, and management projects.
- 12 (f) Stormwater resource management, including, but not limited  
13 to, the following:
  - 14 (1) Projects to reduce, manage, treat, or capture rainwater or  
15 stormwater.
  - 16 (2) Projects that provide multiple benefits such as water quality,  
17 water supply, flood control, or open space.
  - 18 (3) Decision support tools that evaluate the benefits and costs  
19 of multibenefit stormwater projects.
  - 20 (4) Projects to implement a stormwater resource plan developed  
21 in accordance with Part 2.3 (commencing with Section 10560) of  
22 Division 6.
- 23 (g) Conjunctive use of surface and groundwater storage  
24 facilities.
- 25 (h) Water desalination projects, including projects that  
26 incorporate renewable energy generation and reduce regional  
27 reliance on water from the Delta watershed to meet California's  
28 future water supply needs pursuant to Section 85021.
- 29 (i) Decision support tools to model regional water management  
30 strategies to account for climate change and other changes in  
31 regional demand and supply projections.

32 79744. (a) Of the funds authorized in Section 79740, *the sum*  
33 *of* one billion dollars (\$1,000,000,000) shall be allocated to the  
34 hydrologic regions as identified in the California Water Plan in  
35 accordance with this section. For the South Coast hydrologic  
36 region, the department shall establish three funding areas that  
37 reflect the watersheds of San Diego County (designated as the San  
38 Diego subregion), the Santa Ana River watershed and southern  
39 Orange County (designated as the Santa Ana subregion), and the  
40 Los Angeles and Ventura County watersheds (designated as the

1 Los Angeles subregion), and shall allocate funds to those areas in  
2 accordance with this subdivision. The North and South Lahontan  
3 hydrologic regions shall be treated as one area for the purpose of  
4 allocating funds. For purposes of this subdivision, the Sacramento  
5 River hydrologic region does not include the Delta. For purposes  
6 of this subdivision, the Mountain Counties Overlay is not eligible  
7 for funds from the Sacramento River hydrologic region or the San  
8 Joaquin River hydrologic region. Multiple integrated regional  
9 water management plans may be recognized in each of the areas  
10 allocated funding.

11 (b) Funds ~~made available by this chapter~~ *described in this*  
12 *section* shall be allocated as follows:

13 (1) ~~North Coast: \$45,000,000.~~ *Forty-five million dollars*  
14 *(\$45,000,000) for the North Coast hydrologic region.*

15 (2) ~~San Francisco Bay: \$132,000,000.~~ *One hundred thirty-two*  
16 *million dollars (\$132,000,000) for the San Francisco Bay*  
17 *hydrologic region.*

18 (3) ~~Central Coast: \$58,000,000.~~ *Fifty-eight million dollars*  
19 *(\$58,000,000) for the Central Coast hydrologic region.*

20 (4) ~~Los Angeles subregion: \$198,000,000.~~ *One hundred*  
21 *ninety-eight million dollars (\$198,000,000) for the Los Angeles*  
22 *subregion.*

23 (5) ~~Santa Ana subregion: \$128,000,000.~~ *One hundred*  
24 *twenty-eight million dollars (\$128,000,000) for the Santa Ana*  
25 *subregion.*

26 (6) ~~San Diego subregion: \$87,000,000.~~ *Eighty-seven million*  
27 *dollars (\$87,000,000) for the San Diego subregion.*

28 (7) ~~Sacramento River: \$76,000,000.~~ *Seventy-six million dollars*  
29 *(\$76,000,000) for the Sacramento River hydrologic region.*

30 (8) ~~San Joaquin River: \$64,000,000.~~ *Sixty-four million dollars*  
31 *(\$64,000,000) for the San Joaquin River hydrologic region.*

32 (9) ~~Tulare/Kern: \$70,000,000.~~ *Seventy million dollars*  
33 *(\$70,000,000) for the Tulare/Kern hydrologic region.*

34 (10) ~~North/South Lahontan: \$51,000,000.~~ *Fifty-one million*  
35 *dollars (\$51,000,000) for the North/South Lahontan hydrologic*  
36 *region.*

37 (11) ~~Colorado River Basin: \$47,000,000.~~ *Forty-seven million*  
38 *dollars (\$47,000,000) for the Colorado River Basin hydrologic*  
39 *region.*

1     (12) ~~Mountain Counties Overlay: \$44,000,000. Forty-four~~  
2     ~~million dollars (\$44,000,000) for the Mountain Counties Overlay.~~  
3     (c) *Funds allocated pursuant to this section may be used for the*  
4     *purposes described in Sections 79745 and 79747.*  
5     79745. (a) ~~Of the funds authorized by Section 79740 up to~~  
6     ~~79740, two hundred fifty million dollars (\$250,000,000) may shall~~  
7     be used for direct expenditures, grants, and loans for water  
8     conservation and water use efficiency plans, projects, and  
9     programs, including either of the following:  
10    (1) Urban water conservation plans, projects, and programs,  
11    including regional projects and programs, implemented to achieve  
12    urban water use targets developed pursuant to Section 10608.20.  
13    Priority for funding shall be given to programs that do any of the  
14    following:  
15    (A) Assist water suppliers and regions to implement  
16    conservation programs and measures that are not locally cost  
17    effective.  
18    (B) Support water supplier and regional efforts to implement  
19    programs targeted to enhance water use efficiency for commercial,  
20    industrial, and institutional water users.  
21    (C) Assist water suppliers and regions with programs and  
22    measures targeted toward realizing the conservation benefits of  
23    implementation of the provisions of the state landscape model  
24    ordinance.  
25    (2) Agricultural water management plans or agricultural water  
26    use efficiency projects and programs developed pursuant to Part  
27    2.8 (commencing with Section 10800) of Division 6. *Of the funds*  
28    *provided by this section, one hundred million dollars*  
29    *(\$100,000,000) shall be available for improving on-farm water*  
30    *use efficiency, including, but not limited to, drip irrigation.*  
31    (b) Section 1011 applies to all conservation measures that an  
32    agricultural water supplier or an urban water supplier implements  
33    with funding under this chapter. This subdivision does not limit  
34    the application of Section 1011 to any other measures or projects  
35    implemented by a water supplier.  
36    79746. ~~Of the funds authorized by Section 79740, the sum of~~  
37    ~~five hundred million dollars (\$500,000,000) shall be available,~~  
38    upon appropriation by the Legislature from the fund, for grants  
39    and *low-interest* loans for water recycling and advanced treatment  
40    technology projects, including all of the following:

- 1 (a) Water recycling projects, *including, but not limited to,*  
2 *treatment, storage, conveyance, and distribution facilities for*  
3 *potable and nonpotable recycling projects.*
- 4 (b) Contaminant and salt removal projects, including, but not  
5 limited to, groundwater and seawater desalination.
- 6 (c) ~~Dedicated distribution infrastructure for recycled water and~~  
7 ~~commercial and to serve residential, agricultural, commercial,~~  
8 ~~and industrial end-user retrofit projects end-users~~ to allow the use  
9 of recycled water.
- 10 (d) Pilot projects for new salt and contaminant removal  
11 technology.
- 12 (e) Groundwater recharge infrastructure related to recycled  
13 water.
- 14 (f) Technical assistance and grant writing assistance for  
15 disadvantaged communities.
- 16 (g) For projects funded pursuant to this section, at least a 50  
17 percent local cost share shall be required. That cost share may be  
18 suspended or reduced for disadvantaged communities and  
19 economically distressed areas.
- 20 (h) Projects funded pursuant to this section shall be selected on  
21 a competitive basis, considering all of the following criteria:
- 22 (1) Water supply reliability improvement.
- 23 (2) Water quality and ecosystem benefits related to decreased  
24 reliance on diversions from the Delta or instream flows.
- 25 (3) Public health benefits from improved drinking water quality.
- 26 (4) Cost effectiveness.
- 27 (5) Energy efficiency and greenhouse gas emission impacts.
- 28 (6) *Reasonable geographic allocation to eligible projects*  
29 *throughout the state that contribute to attainment of the statewide*  
30 *recycled water goal as established in Section 13577.*
- 31 (i) For the purposes of this section, eligible projects shall  
32 implement a plan or strategy by one or more regional water  
33 agencies or integrated regional water management groups to  
34 incorporate water recycling into the region's water supplies .
- 35 (j) *For purposes of this section, competitive programs shall be*  
36 *implemented consistent with water recycling programs*  
37 *administered pursuant to Sections 79140 and 79141.*
- 38 (k) *Fifty percent of the moneys available pursuant to this section*  
39 *shall be allocated for grants and 50 percent shall be allocated for*  
40 *a low-interest loan program.*

1 79747. (a) ~~It is the policy of the State of California that~~  
 2 *stormwater shall be managed for water supply benefits to the*  
 3 *maximum extent possible, in conjunction with other benefits that*  
 4 *effective stormwater management may provide. Funding for*  
 5 *stormwater management shall be drawn from federal, state,*  
 6 *regional, and local agency resources, to the extent available.*

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

10 ~~(b)~~

11 (c) Eligible projects may include, but shall not be limited to,  
 12 green infrastructure, rainwater and stormwater capture projects,  
 13 and stormwater treatment facilities.

14 ~~(e)~~

15 (d) Development of plans for stormwater projects shall address  
 16 the entire watershed and incorporate the perspectives of  
 17 communities adjacent to the affected waterways, especially  
 18 disadvantaged communities.

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

26

27 CHAPTER 8. SACRAMENTO-SAN JOAQUIN DELTA  
 28 SUSTAINABILITY

29

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

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

38 79751. In order to promote the sustainability and resiliency of  
 39 the Delta, the purposes of this chapter are to:

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

1 (b) Maintain and improve existing Delta levees.

2 (c) Promote the sustainability of the Delta.

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

8 79754. Funding authorized by this chapter for the purpose of  
9 subdivision (a) of Section 79751 may include, but is not limited  
10 to, the following:

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

15 (b) Projects to reduce greenhouse gas emissions from exposed  
16 Delta soils.

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

19 79755. (a) Funding authorized by this chapter for the purpose  
20 of subdivision (b) of Section 79751 shall reduce the risk of levee  
21 failure and flood in the Delta and may be expended, consistent  
22 with the Delta levee investment priorities recommended pursuant  
23 to Section 85306, for any of the following:

24 (1) Local assistance under the Delta levee maintenance  
25 subventions program under Part 9 (commencing with Section  
26 12980) of Division 6, as that part may be amended.

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

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

33 (4) Emergency response and repair projects.

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

36  
37 CHAPTER 9. WATER STORAGE FOR CLIMATE CHANGE

38  
39 79760. (a) Notwithstanding Section 162, the commission may  
40 make the determinations, findings, and recommendations required

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

8 (b) (1) The commission shall submit its project selections to  
 9 any state agency created by statute for the purpose of oversight of  
 10 bond acts for confirmation of compliance with applicable legal  
 11 requirements.

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

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

20 (d) Only projects selected by the commission shall be eligible  
 21 for funding authorized by this chapter. Funding authorized by this  
 22 chapter shall be appropriated to the commission.

23 (e) The commission shall, to the extent feasible, maximize the  
 24 following:

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

27 (2) Statewide storage benefits or regional storage benefits that  
 28 promote regional self-reliance.

29 79761. (a) The sum of ~~one~~ *two* billion five hundred million  
 30 dollars (~~\$1,500,000,000~~) (*\$2,500,000,000*) shall be available from  
 31 the fund to the commission, for expenditures, competitive grants,  
 32 and loans for public benefits associated with projects that expand  
 33 the state's water storage capacity.

34 (b) (1) ~~Three~~ *Five* hundred million dollars (~~\$300,000,000~~)  
 35 (*\$500,000,000*) is hereby appropriated to the commission from the  
 36 moneys available pursuant to subdivision (a) for the purposes of  
 37 this chapter during each of the fiscal years from the 2015–16 fiscal  
 38 year to the 2019–20 fiscal year, inclusive, unless the moneys in  
 39 the fund available for this chapter pursuant to subdivision (a) are  
 40 exhausted.

1 (2) Funds appropriated pursuant to this subdivision shall be  
2 available for encumbrance for three years in accordance with  
3 Section 16304 of the Government Code. *Any unencumbered*  
4 *balance after three years shall revert to the fund for the purpose*  
5 *of this chapter.*

6 (3) The Legislature may augment the appropriations made  
7 pursuant to this subdivision until the funds are exhausted.

8 (c) The Legislature shall retain authority and responsibility for  
9 oversight of the commission and expenditure of the funding  
10 authorized by this chapter.

11 79762. In order to expand the state's water storage capacity to  
12 address the impacts of climate change on the snow pack in the  
13 Sierra Nevada Mountains and water storage resources, the purposes  
14 of this chapter are to:

15 (a) Construct new surface water storage projects.

16 (b) Restore and expand groundwater aquifer storage capacity.

17 (c) Restore water storage capacity of existing surface water  
18 storage reservoirs.

19 (d) Remediate or prevent contamination of groundwater aquifers.

20 (e) Construct and expand stormwater retention facilities.

21 79763. Projects for which the public benefits are eligible for  
22 funding under this chapter consist of only the following:

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

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

30 (c) Conjunctive use and reservoir reoperation projects.

31 (d) Local and regional surface storage projects that improve the  
32 operation of water systems in the state, *including, but not limited*  
33 *to, reservoirs for storing recycled water.*

34 (e) Projects that remove sediment, improve dam stability in  
35 seismic events, or otherwise restore water storage capacity in  
36 existing water storage reservoirs.

37 (f) Projects that the United States Bureau of Reclamation  
38 develops through its Water SMART storage program.

39 79764. A project in the Delta watershed or an area that receives  
40 water from the Delta watershed shall not be funded pursuant to

1 this chapter unless it provides measurable improvements to the  
2 Delta ecosystem or to the Delta watershed.

3 79765. (a) Funds allocated pursuant to this chapter may be  
4 expended solely for the following public benefits associated with  
5 water storage projects:

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

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

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

19 (4) Regional water storage benefits for more than one drinking  
20 water supplier or more than 3,000,000 people.

21 (b) Funds shall not be expended pursuant to this chapter for the  
22 costs of environmental mitigation measures or compliance  
23 obligations .

24 79766. In consultation with the Department of Fish and  
25 Wildlife, the State Water Resources Control Board, and the  
26 department, the commission shall develop and adopt, by regulation,  
27 methods for quantification and management of public benefits  
28 described in Section 79765 by December 15, 2014. The regulations  
29 shall include the priorities and relative environmental value of  
30 ecosystem benefits as provided by the Department of Fish and  
31 Wildlife and the priorities and relative environmental value of  
32 water quality benefits as provided by the State Water Resources  
33 Control Board.

34 79767. (a) Except as provided in subdivision (c), no funds  
35 allocated pursuant to this chapter may be allocated for a project  
36 before December 15, 2014, and until the commission approves the  
37 project based on the commission's determination that all of the  
38 following have occurred:

1 (1) The commission has adopted the regulations specified in  
2 Section 79766 and specifically quantified and made public the cost  
3 of the public benefits associated with the project.

4 (2) The department has entered into a contract with each party  
5 that will derive benefits, other than public benefits, as defined in  
6 Section 79765, from the project that ensures the party will pay its  
7 share of the total costs of the project. The benefits available to a  
8 party shall be consistent with that party's share of total project  
9 costs.

10 (3) The department has entered into a contract with each public  
11 agency identified in Section 79766 that administers the public  
12 benefits, after that agency makes a finding that the public benefits  
13 of the project for which that agency is responsible meet all the  
14 requirements of this chapter, to ensure that the public contribution  
15 of funds pursuant to this chapter achieves the public benefits  
16 identified for the project.

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

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

22 (A) Feasibility studies have been completed.

23 (B) The commission has found and determined that the project  
24 is feasible, is consistent with all applicable laws and regulations,  
25 and, if the project is in the Delta watershed or an area that receives  
26 water from the Delta watershed, will advance the policy objectives  
27 specified in Section 85020.

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

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

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

38 79768. (a) The public benefit cost share of a project funded  
39 pursuant to this chapter ~~may~~ shall not exceed 50 percent of the  
40 total costs of any project funded under this chapter.

1 (b) In order to receive funding authorized by this chapter to  
2 improve groundwater storage in an aquifer, the applicant shall  
3 demonstrate that a public agency has authority to manage the water  
4 resources in that aquifer.

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

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

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

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)~~ *eight billion dollars*  
38 *(\$8,000,000,000)*, or so much thereof as is necessary, not including  
39 the amount of any refunding bonds issued in accordance with  
40 Section 79812 may be issued and sold to provide a fund to be used

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

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

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

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

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

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

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

39 79803. The committee shall determine whether or not it is  
40 necessary or desirable to issue bonds authorized pursuant to this

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

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

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

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

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

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

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

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

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

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

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

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

35 79812. The bonds issued and sold pursuant to this division  
36 may be refunded in accordance with Article 6 (commencing with  
37 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
38 the Government Code, which is a part of the State General  
39 Obligation Bond Law. Approval by the voters of the state for the  
40 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 Clean and Safe Drinking Water Act of 2014,  
17 as set forth in that section at the November 4, 2014, statewide  
18 general election.