

AB 1331 (Rendon) Clean and Safe Drinking Water Act of 2014.  
Recommended Amendments

1. Administrative Funds: Extend an existing provision of the bill which allows up to five percent of the funds allocated for *grant* programs to be used for administrative costs, to also allow up to five percent of the funds allocated for *loan* programs to be used for administrative costs.

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

5. Monitoring: The language in the bill is drafted too narrowly and does not recognize the different water quality databases that are administered by the State Water Board (for example, groundwater data is stored in the “GeoTracker GAMA” data system, not the Surface Water Ambient Monitoring Program), or the potential that the names of data systems may change over time. Further, monitoring data collected from projects under the bill should be required to “*be compatible*” with the Surface Water Ambient Monitoring Program, rather than requiring that such projects be “*integrated into*” the data systems to ensure proper quality control of the data systems.

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

6. Allowing state agencies to use existing project solicitation and evaluation guidelines when distributing bond funds. As currently written, this bill would require each agency that receives an appropriation to develop and adopt project solicitation and evaluation guidelines prior to disbursing grants or loans, regardless of any existing procedures. The State Water Board has an extensive history of awarding loans and grants for many of the bill’s specified water quality projects. In order to eliminate

redundancy, agencies should be able to use applicable existing guidelines for expending funds, where appropriate.

79708.(a) Prior to disbursing grants, ~~or loans,~~ **or similar financial assistance,** pursuant to this division, each state agency that receives an appropriation from the funding made available by this division to administer a competitive ~~grant or loan~~ **financial assistance** program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines shall include monitoring and reporting requirements and may include a limitation on the dollar amount of ~~grants or loans~~ **financing** to be awarded. **Where the state agency has previously developed and adopted project solicitation and evaluation guidelines that meet the requirements of this subdivision, it may use those guidelines.**

(b) Prior to disbursing ~~grants or loans~~ **funds under any such financial assistance agreement,** the state agency shall conduct ~~three~~ public meetings to consider public comments prior to finalizing the guidelines, **as determined to be necessary by the implementing state agency.** The state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before ~~the~~ **any** public meetings **held pursuant to this subdivision.** ~~One meeting shall be conducted at a location in northern California, one meeting shall be conducted at a location in the central valley of California, and one meeting shall be conducted at a location in southern California.~~ Upon adoption, the state agency shall transmit copies of the guidelines to the fiscal committees and the appropriate policy committees of the Legislature.

7. **Operations and Maintenance:** The bill does not define the term “initial” in authorizing funding for initial operation and maintenance of drinking water systems, which could result in confusion and conflict for the administering agency as to the period of time such communities are eligible for “initial” operation and maintenance funding. New drinking water treatment systems may have high “initial” operation and maintenance costs while they work out any unexpected problems and get the system working smoothly. Generally, systems are able to work out the unexpected problems within a couple of years. If you wanted to narrow the scope of the bill, you could define the term “initial” to be for a specified number of years.

79727. (a) Of the funds authorized in Section 79720, four hundred million dollars (\$400,000,000) shall be available for grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards, ensure affordable drinking water, or both. Priority shall be given to projects that provide treatment for contamination or access to an alternate drinking water source or sources for small community water systems or state small water systems in disadvantaged communities whose drinking water source is impaired by chemical and nitrate contaminants and other health hazards identified by the implementing agency. Eligible recipients serve disadvantaged communities and are public agencies or incorporated mutual water companies. The implementing agency may make grants for the purpose of financing feasibility studies and to meet the eligibility requirements for a construction grant. Eligible expenses may include initial operation and maintenance costs for

systems serving disadvantaged communities **for a period not to exceed XXX years.** Special consideration shall be given to projects that provide shared solutions for multiple communities, at least one of which is a disadvantaged community that lacks safe, affordable drinking water and is served by a small community water system, state small water system, or a private well. Construction grants shall be limited to five million dollars (\$5,000,000) per project, except that the implementing agency may set a limit of not more than twenty million dollars (\$20,000,000) for projects that provide regional or shared among multiple entities, at least one of which shall be a small disadvantaged community. Not more than 25 percent of a grant may be awarded in advance of actual expenditures.

8. **Leftover Bond Funds:** Roll leftover bond funds into new grants and loans programs of the Climate Change Response for Clean and Safe Drinking Water Act of 2014. Currently, the State Water Board has small amounts of bond funds from prior bond measures which cannot practically be used due to the small amounts available, outdated eligibility guidelines and requirements that are frequently decades old. Sources of leftover bond funds include the Clean Water and Water Conservation Bond Law of 1978, the Clean Water Bond Law of 1984, and the Clean Water and Water Reclamation Bond Program of 1988. Incorporating these funds into the grant and loan programs developed for the current bond measure would allow currently inaccessible funds to be used for beneficial water quality projects.

**SEC 3. Add Section 13482.5 to the Water Code, to read:**

**13482.5. (a) Unallocated funds remaining in the State Clean Water and Water Conservation Fund, established by the Clean Water and Water Conservation Bond Law of 1978, on November 2, 2014, and any funds deposited into the State Clean Water and Water Conservation Fund after that date, shall be transferred to, and all money repaid to the state pursuant to any financing agreements entered into from those accounts shall be deposited, in the fund.**

**(b) Unallocated funds remaining in the 1984 State Clean Water Bond Fund, established by the Clean Water Bond Law of 1984, on November 2, 2014, and any funds deposited into the 1984 State Clean Water Bond Fund after that date, shall be transferred to, and all money repaid to the state pursuant to any financing agreements entered into from the 1984 State Clean Water Bond Fund shall be deposited in the fund.**

**(c) Unallocated funds remaining in the 1988 Clean Water and Water Reclamation Fund, established by the Clean Water and Water Reclamation Bond Act of 1988, on November 2, 2014, and any funds deposited into the 1988 Clean Water and Water Reclamation Fund after that date, shall be transferred to, and all money repaid to the state pursuant to any financing agreements entered into from the 1988 Clean Water and Water Reclamation Fund shall be deposited in the fund.**

**SEC 4. Add Section 13959.6 to the Water Code, to read:**

**13959.6. Unallocated funds remaining in the fund on November 2, 2014, and any funds deposited into the fund after that date, shall be transferred to, and all money repaid to the state pursuant to any financing agreements entered into from the fund shall be deposited in, the State Water Pollution Control Revolving Fund for the purposes set forth in Chapter 6.5 (commencing with Section 13475) of Division 7.**

**SEC 5. Amend Section 13999.3 of the Water Code, to read:**

**13999.3 (c) Unallocated funds remaining in the fund on November 2, 2014, and any funds deposited into the fund after that date, shall be transferred to, and all money repaid to the state pursuant to any financing agreements entered into from the fund shall be deposited, in the State Water Pollution Control Revolving Fund for the purposes set forth in Chapter 6.5 (commencing with Section 13475) of Division 7.**

**SEC 6. Amend Section 14055 of the Water Code, to read:**

**14055 (c) Unallocated funds remaining in the fund on November 2, 2014, and any funds deposited into the fund after that date, shall be transferred to, and all money repaid to the state pursuant to any financing agreements entered into from the fund shall be deposited in the State Water Pollution Control Revolving Fund for the purposes set forth in Chapter 6.5 (commencing with Section 13475) of Division 7.**