

AMENDED IN SENATE APRIL 21, 2014  
AMENDED IN SENATE APRIL 8, 2014  
AMENDED IN SENATE MARCH 18, 2014  
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**  
**(Principal coauthors: Assembly Members Alejo and Quirk-Silva)**  
**(Coauthors: Assembly Members Ian Calderon, Chau, Stone, and**  
**Yamada)**  
(Coauthor: Senator Lara)

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, safe, and reliable 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, Safe, and Reliable 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, Safe, and Reliable Drinking Water Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$8,000,000,000 pursuant to the State General Obligation Bond Law to finance a clean, safe, and reliable 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:  $\frac{2}{3}$ . 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:

1 DIVISION 26.7. CLEAN, SAFE, AND RELIABLE  
2 DRINKING WATER ACT OF 2014.

3  
4 CHAPTER 1. SHORT TITLE

5  
6 79700. This division shall be known, and may be cited, as the  
7 Clean, Safe, and Reliable Drinking Water Act of 2014.

8  
9 CHAPTER 2. FINDINGS

10  
11 79701. The people of California find and declare all of the  
12 following:

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

17 (b) Every Californian should have access to clean, safe, and  
18 reliable drinking water, consistent with the human right to water  
19 and Section 106.3. Providing adequate supplies of clean, safe, and  
20 reliable drinking water is vital to keeping California's economy  
21 growing and strong.

22 (c) Climate change has impaired California's capacity to ensure  
23 clean, safe, and reliable drinking water, as droughts have become  
24 more frequent and more severe, and ecosystems have become  
25 stressed. Higher temperatures mean less snow pack, which is the  
26 state's largest water reservoir. Scientists project a loss of at least  
27 25 percent of the snow pack in the Sierra Nevada Mountains by  
28 2050. The Colorado River basin, which provides drinking water  
29 to southern California, has experienced prolonged drought .

30 (d) California's water infrastructure continues to age and  
31 deteriorate. More than 50 years ago, Californians approved the  
32 construction of the State Water Project. In the decades that  
33 followed, California's water leaders developed the most  
34 sophisticated system of state, federal, regional, and local water  
35 infrastructure anywhere in the world. In recent decades, however,  
36 that water infrastructure and the water environment on which it  
37 depends have deteriorated.

38 (e) In the years since the voters approved the State Water  
39 Project, California's population has continued to grow, from less  
40 than 16 million in 1960 to more than 37 million in 2010. A growing

1 population and a growing economy have put greater stress on  
2 California's natural resources, including water. The Department  
3 of Finance projects that California's population will reach 50  
4 million by 2049.

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

10 (g) As California and its water infrastructure have grown,  
11 increasing demands on California's limited water supplies and  
12 deteriorating aquatic ecosystems have led to intense conflict,  
13 further threatening the reliability of clean and safe drinking water.  
14 79702. The people of California find and declare all of the  
15 following:

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

20 (b) Responding to climate change, ensuring clean and safe  
21 drinking water, and preparing for California's continued growth  
22 will require a diversified portfolio of strategies and investments  
23 to address the many water challenges facing California.

24 (c) Improving water quality offers one of the most immediate  
25 steps to ensuring a clean and safe drinking water supply. California  
26 needs water quality improvements at all parts of the hydrologic  
27 cycle, from source water in the watersheds where the state's  
28 drinking water supplies originate to wastewater treatment and  
29 potential reuse to improve surface water quality for those who live  
30 downstream.

31 (d) Addressing the challenges to the sustainability of the Delta,  
32 the heart of the California water system, will help resolve some  
33 of the conflicts that impede progress in improving the statewide  
34 water system.

35 (e) Enhancing regional water self-reliance consistent with  
36 Section 85021 offers a key strategy for addressing climate change  
37 and improving water supply reliability. It helps the Delta and it  
38 helps local communities to address their own water challenges.  
39 Water conservation and water recycling form one part of the

1 regional water self-reliance strategy and are commonsense methods  
2 to make more efficient use of existing water supplies.

3  
4 CHAPTER 3. DEFINITIONS

5  
6 79703. Unless the context otherwise requires, the definitions  
7 set forth in this section govern the construction of this division, as  
8 follows:

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

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

12 (c) “Committee” means the Clean, Safe, and Reliable Drinking  
13 Water Finance Committee created by Section 79802.

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

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

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

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

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

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

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

34 (1) Financial hardship.

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

37 (3) Low population density.

38 (k) “Fund” means the Clean, Safe, and Reliable Drinking Water  
39 Fund of 2014 created by Section 79717.

- 1 (l) “Integrated regional water management plan” has the
- 2 meaning set forth in Section 10534.
- 3 (m) “Nonprofit organization” means an organization qualified
- 4 to do business in California and qualified under Section 501(c)(3)
- 5 of Title 26 of the United States Code.
- 6 (n) “Public agency” means a state agency or department, district,
- 7 joint powers authority, city, county, city and county, or other
- 8 political subdivision of the state.
- 9 (o) “Rainwater” has the meaning set forth in subdivision (c) of
- 10 Section 10573.
- 11 (p) “Secretary” means the Secretary of the Natural Resources
- 12 Agency.
- 13 (q) “Severely disadvantaged community” has the meaning set
- 14 forth in subdivision (n) of Section 116760.20 of the Health and
- 15 Safety Code.
- 16 (r) “Small community water system” means a community water
- 17 system that serves no more than 3,300 service connections or a
- 18 yearlong population of no more than 10,000 persons.
- 19 (s) “State board” means the State Water Resources Control
- 20 Board.
- 21 (t) “State General Obligation Bond Law” means the State
- 22 General Obligation Bond Law (Chapter 4 (commencing with
- 23 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
- 24 Code).
- 25 (u) “State small water system” has the meaning set forth in
- 26 subdivision (n) of Section 116275 of the Health and Safety Code.
- 27 (v) “Stormwater” has the meaning set forth in subdivision (e)
- 28 of Section 10573.

CHAPTER 4. GENERAL PROVISIONS

29

30

31

32 79705. An amount that equals not more than 5 percent of the

33 funds allocated for a financial assistance program pursuant to this

34 division may be used to pay the administrative costs of that

35 program.

36 79706. Unless otherwise specified, up to 10 percent of funds

37 allocated for each program funded by this division may be

38 expended for planning and monitoring necessary for the successful

39 design, selection, and implementation of the projects authorized

40 under that program. This section shall not otherwise restrict funds

1 ordinarily used by an agency for “preliminary plans,” “working  
2 drawings,” and “construction” as defined in the annual Budget Act  
3 for a capital outlay project or grant project. Water quality  
4 monitoring data shall be collected and reported to the state board  
5 in a manner that is compatible and consistent with surface water  
6 monitoring data systems or groundwater monitoring data systems  
7 administered by the state board. Watershed monitoring data shall  
8 be collected and reported to the Department of Conservation in a  
9 manner that is compatible and consistent with the statewide  
10 watershed program data system administered by the Department  
11 of Conservation.

12 79707. Chapter 3.5 (commencing with Section 11340) of Part  
13 1 of Division 3 of Title 2 of the Government Code does not apply  
14 to the development or implementation of programs or projects  
15 authorized or funded under this division other than Chapter 9  
16 (commencing with Section 79760).

17 79708. (a) Before disbursing grants or loans pursuant to this  
18 division, each state agency that receives an appropriation from the  
19 funding made available by this division to administer a competitive  
20 grant or loan program under this division shall develop and adopt  
21 project solicitation and evaluation guidelines. The guidelines shall  
22 include monitoring and reporting requirements and may include  
23 a limitation on the dollar amount of grants or loans to be awarded.  
24 If the state agency previously has developed and adopted project  
25 solicitation and evaluation guidelines that comply with the  
26 requirements of this subdivision, it may use those guidelines.

27 (b) Before disbursing grants or loans, the state agency shall  
28 conduct three public meetings to consider public comments prior  
29 to finalizing the guidelines, as the implementing state agency  
30 determines to be necessary. The state agency shall publish the draft  
31 solicitation and evaluation guidelines on its Internet Web site at  
32 least 30 days before any public meetings held pursuant to this  
33 subdivision. Upon adoption, the state agency shall transmit copies  
34 of the guidelines to the fiscal committees and the appropriate policy  
35 committees of the Legislature.

36 79709. It is the intent of the people that:

37 (a) The investment of public funds pursuant to this division will  
38 result in public benefits that address the most critical statewide  
39 needs and priorities for public funding.

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

3 (c) In the appropriation and expenditure of funding authorized  
4 by this division, priority will be given to projects that leverage  
5 private, federal, or local funding or produce the greatest public  
6 benefit.

7 (d) A funded project advances the purposes of the chapter from  
8 which the project received funding.

9 (e) In making decisions regarding water resources, state and  
10 local water agencies use the best available science to inform those  
11 decisions.

12 (f) Special consideration will be given to projects that employ  
13 new or innovative technology or practices, including decision  
14 support tools that support the integration of multiple jurisdictions,  
15 including, but not limited to, water supply, flood control, land use,  
16 and sanitation.

17 (g) Except as provided in Sections 79726 and 79727, the costs  
18 of stewardship, operation, and maintenance of the projects funded  
19 by this division will be paid from other sources of revenue that are  
20 sustainable over the long term.

21 (h) Evaluation of projects considered for funding pursuant to  
22 this division will include review by professionals in the fields  
23 relevant to the proposed project.

24 (i) To the extent practicable, a project supported by funds made  
25 available by this division will include signage informing the public  
26 that the project received funds from the Clean, Safe, and Reliable  
27 Drinking Water Act of 2014.

28 (j) Projects funded with proceeds from this division will be  
29 consistent with Division 7 (commencing with Section 13000) of  
30 this code and Section 13100 of the Government Code.

31 79710. (a) The California State Auditor shall annually conduct  
32 a programmatic review and an audit of expenditures from the fund.

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

37 (c) If an audit, required by statute, of a public agency that  
38 receives funding authorized by this division is conducted pursuant  
39 to state law and reveals any impropriety, the California State



1 Auditor or the Controller may conduct a full audit of any or all of  
2 the activities of the public agency.

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

6 79711. (a) Funds provided by this division shall not be  
7 expended to support or pay for the costs of project or permit  
8 specific environmental mitigation measures except as part of the  
9 environmental mitigation costs of projects financed by this division.  
10 Funds provided by this division may be used for environmental  
11 enhancements or other public benefits.

12 (b) Funds provided by this division shall not be expended for  
13 the acquisition or transfer of water rights except for a dedication  
14 of water approved in accordance with Section 1707.

15 79712. Funds provided by this division shall not be expended  
16 to pay the costs of the design, construction, operation, mitigation,  
17 or maintenance of Delta conveyance facilities. Those costs shall  
18 be the responsibility of the water agencies that benefit from the  
19 design, construction, operation, or maintenance of those facilities.

20 79713. (a) This division does not diminish, impair, or  
21 otherwise affect in any manner whatsoever any area of origin,  
22 watershed of origin, county of origin, or any other water rights  
23 protections, including, but not limited to, rights to water  
24 appropriated before December 19, 1914, provided under the law.  
25 This division does not limit or affect the application of Article 1.7  
26 (commencing with Section 1215) of Chapter 1 of Part 2 of Division  
27 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and  
28 11463, and Sections 12200 to 12220, inclusive.

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

37 (c) Nothing in this division supersedes, limits, or otherwise  
38 modifies the applicability of Chapter 10 (commencing with Section  
39 1700) of Part 2 of Division 2, including petitions related to any  
40 new conveyance constructed or operated in accordance with

1 Chapter 2 (commencing with Section 85320) of Part 4 of Division  
2 35.

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

13 (e) Nothing in this division shall be construed to affect the  
14 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing  
15 with Section 5093.50) of Division 5 of the Public Resources Code)  
16 and funds authorized pursuant to this division shall not be available  
17 for any project that could have an adverse effect on the values  
18 upon which a wild and scenic river or any other river is afforded  
19 protections pursuant to the California Wild and Scenic Rivers Act.

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

23 79714. Eligible applicants under this division are public  
24 agencies, public utilities, federally recognized Indian tribes, state  
25 Indian tribes listed on the Native American Heritage Commission's  
26 California Tribal Consultation List, and nonprofit organizations.  
27 A public agency may use funding authorized by this division to  
28 benefit recipients of water from mutual water companies that  
29 operate a public water system if the funding provides public  
30 benefits. To be eligible for funding under this division, a project  
31 proposed by a public utility shall have a clear and definite public  
32 purpose, benefit its customers, and comply with Public Utilities  
33 Commission rules on government funding for public utilities.

34 79715. The Legislature may enact legislation necessary to  
35 implement programs funded by this division.

36 79716. (a) Funding made available by this division shall not  
37 be appropriated to a specific project.

38 (b) Projects funded pursuant to this division shall use the  
39 services of the California Conservation Corps or certified

1 community conservation corps, as defined in Section 14507.5 of  
2 the Public Resources Code, whenever feasible.

3 (c) The Legislature may approve multiyear budget change  
4 proposals for appropriation of the funds authorized by this division.

5 79717. The proceeds of bonds issued and sold pursuant to this  
6 division shall be deposited into the Clean, Safe, and Reliable  
7 Drinking Water Fund of 2014, which is hereby created in the State  
8 Treasury.

9 79718. Each state agency that receives an appropriation of  
10 funding made available by this division shall be responsible for  
11 establishing metrics of success and reporting the status of projects  
12 and all uses of the funding on the state's bond accountability  
13 Internet Web site, as provided by statute.

14 79719. All references in this division to other provisions of  
15 law shall incorporate those provisions as they may be amended.

16

17 CHAPTER 5. CLEAN AND SAFE DRINKING WATER

18

19 79720. The sum of one billion dollars (\$1,000,000,000) shall  
20 be available, upon appropriation by the Legislature from the fund,  
21 to the state board for expenditures, grants, and loans for projects  
22 that improve water quality or help provide clean and safe drinking  
23 water to all Californians.

24 79721. The projects eligible for funding pursuant to this chapter  
25 shall help improve water quality for a beneficial use. The purposes  
26 of this chapter are to:

27 (a) Reduce contaminants in drinking water supplies regardless  
28 of the source of the water or the contamination, including the  
29 assessment and prioritization of the risk to the safety of drinking  
30 water supplies.

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

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

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

39 (e) Improve water quality of surface water streams, including  
40 multibenefit stormwater quality projects.

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

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

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

7 79722. (a) A project that receives funding under this chapter  
8 shall be selected by a competitive grant or loan process with added  
9 consideration for those projects that leverage private, federal, or  
10 local funding. This subdivision shall not apply to projects for the  
11 purposes of Section 79727 that address a public health priority for  
12 which no other source of funding can be identified.

13 (b) The state board shall assess the capacity of a community to  
14 pay for the operation and maintenance of the facility to be funded.

15 (c) A project that receives funding authorized by this chapter  
16 may be implemented by any public water system or other public  
17 water agency.

18 79723. An applicant for a project to clean up a groundwater  
19 aquifer shall demonstrate that a public agency has authority to  
20 manage the water resources in that aquifer in order to be eligible  
21 for funding pursuant to this chapter. This section does not apply  
22 to projects that install treatment facilities at the wellhead, customer  
23 connection, or the tap.

24 79724. The contaminants that may be addressed with funding  
25 pursuant to this chapter may include, but shall not be limited to,  
26 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,  
27 selenium, hexavalent chromium, mercury, PCE  
28 (perchloroethylene), TCE (trichloroethylene), DCE  
29 (dichloroethene), DCA (dichloroethane), 1, 2, 3 TCP  
30 (trichloropropane), carbon tetrachloride, 1,4-dioxane,  
31 1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron,  
32 manganese, and uranium.

33 79725. Of the funds authorized in Section 79720, not less than  
34 four hundred million dollars (\$400,000,000) shall be available for  
35 deposit in the State Water Pollution Control Revolving Fund Small  
36 Community Grant Fund created pursuant to Section 13477.6 for  
37 grants for wastewater treatment projects. Priority shall be given  
38 to projects that serve disadvantaged communities and severely  
39 disadvantaged communities, and to projects that address public  
40 health hazards. Projects may include, but not be limited to, projects

1 that identify, plan, design, and implement regional mechanisms  
2 to consolidate wastewater systems or provide affordable treatment  
3 technologies.

4 79726. (a) Of the funds authorized in Section 79720, one  
5 hundred million dollars (\$100,000,000) shall be available for  
6 deposit in the Emergency Clean Water Grant Fund, established  
7 pursuant to Section 116475 of the Health and Safety Code, for  
8 grants and direct expenditures to finance public health emergencies  
9 and urgent actions, as may be determined by the Legislature, to  
10 ensure that safe drinking water supplies are available to all  
11 Californians. Eligible projects include, but are not limited to, the  
12 following:

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

15 (2) Identifying, planning, designing, and constructing projects  
16 that improve or replace existing water systems to provide safe,  
17 reliable, accessible, and affordable drinking water, provide other  
18 sources of safe drinking water, including, but not limited to,  
19 replacement wells, and prevent contamination.

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

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

23 (b) The state board may expend up to ten million dollars  
24 (\$10,000,000) for grants and loans to address the water quality  
25 needs of private well owners that have no other source of funding  
26 and serve members of a disadvantaged community.

27 79727. (a) Of the funds authorized in Section 79720, four  
28 hundred million dollars (\$400,000,000) shall be available for grants  
29 and loans for public water system infrastructure improvements  
30 and related actions to meet safe drinking water standards, ensure  
31 affordable drinking water, or both. Priority shall be given to  
32 projects that provide treatment for contamination or access to an  
33 alternate drinking water source or sources for small community  
34 water systems or state small water systems in disadvantaged  
35 communities whose drinking water source is impaired by chemical  
36 and nitrate contaminants and other health hazards identified by  
37 the implementing agency. Eligible recipients serve disadvantaged  
38 communities and are public agencies or incorporated mutual water  
39 companies. The state board may make grants for the purpose of  
40 financing feasibility studies and to meet the eligibility requirements

1 for a construction grant. Eligible expenses may include initial  
2 operation and maintenance costs for systems serving disadvantaged  
3 communities, for a period not to exceed two years. Special  
4 consideration shall be given to projects that provide shared  
5 solutions for multiple communities, at least one of which is a  
6 disadvantaged community that lacks safe, affordable drinking  
7 water and is served by a small community water system, state  
8 small water system, or a private well. Construction grants shall be  
9 limited to five million dollars (\$5,000,000) per project, except that  
10 the implementing agency may set a limit of not more than twenty  
11 million dollars (\$20,000,000) for projects that provide regional  
12 benefits or are shared among multiple entities, at least one of which  
13 shall be a small disadvantaged community. Not more than 25  
14 percent of a grant may be awarded in advance of actual  
15 expenditures.

16 (b) The state board may expend up to twenty-five million dollars  
17 (\$25,000,000) of the funds allocated in subdivision (a) for technical  
18 assistance to eligible communities.

19 79728. Of the funds authorized in Section 79720, up to one  
20 hundred million dollars (\$100,000,000) shall be available for  
21 ~~improving groundwater quality, including, but not limited to, the~~  
22 ~~costs of planning, design, and construction of improvements~~  
23 ~~necessary to resume delivery of safe grants for treatment and~~  
24 ~~remediation activities that prevent or reduce the contamination of~~  
25 ~~groundwater that serves as a source of drinking water.~~

26 79729. (a) For the purposes of awarding funding under this  
27 chapter, a local cost share of not less than 25 percent of the total  
28 costs of the project shall be required. The cost-sharing requirement  
29 may be waived or reduced for projects that directly benefit a  
30 disadvantaged community or an economically distressed area.

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

34 (c) Funding authorized pursuant to this chapter shall include  
35 funding for technical assistance to disadvantaged communities.  
36 The agency administering this funding shall operate a  
37 multidisciplinary technical assistance program for small and  
38 disadvantaged communities.

39 (d) Funding for planning activities, including technical  
40 assistance, to benefit disadvantaged communities may exceed 10

1 percent of the funds allocated, subject to the determination of the  
2 need for additional planning funding by the state agency  
3 administering the funding.

4

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

7

8 79730. The sum of one billion five hundred million dollars  
9 (\$1,500,000,000) shall be available, upon appropriation by the  
10 Legislature from the fund, in accordance with this chapter, for  
11 expenditures and grants for multibenefit ecosystem and watershed  
12 protection and restoration projects that protect and improve  
13 California watersheds, wetlands, forests, and flood plains.

14 79731. (a) Of the funds made available by this chapter, seven  
15 hundred fifty million dollars (\$750,000,000) shall be available for  
16 appropriation as follows:

17 (1) Baldwin Hills Conservancy: eight million six hundred  
18 thousand dollars (\$8,600,000).

19 (2) California Tahoe Conservancy: twenty-five million seven  
20 hundred thousand dollars (\$25,700,000).

21 (3) Coachella Valley Mountains Conservancy: seventeen million  
22 one hundred thousand dollars (\$17,100,000).

23 (4) San Diego River Conservancy: eight million six hundred  
24 thousand dollars (\$8,600,000).

25 (5) San Gabriel and Lower Los Angeles Rivers and Mountains  
26 Conservancy: thirty-four million three hundred thousand dollars  
27 (\$34,300,000).

28 (6) San Joaquin River Conservancy: seventeen million one  
29 hundred thousand dollars (\$17,100,000).

30 (7) Santa Monica Mountains Conservancy: fifty-five million  
31 seven hundred thousand dollars (\$55,700,000).

32 (8) Sierra Nevada Conservancy: fifty-five million seven hundred  
33 thousand dollars (\$55,700,000).

34 (9) State Coastal Conservancy: three hundred million dollars  
35 (\$300,000,000).

36 (10) Wildlife Conservation Board: one hundred eighty-four  
37 million three hundred thousand dollars (\$184,300,000).

38 (11) California Ocean Protection Council: forty-two million  
39 nine hundred thousand dollars (\$42,900,000).

1 (b) Of the funds allocated to the State Coastal Conservancy  
2 pursuant to paragraph (9) of subdivision (a), one hundred seven  
3 million dollars one hundred thousand dollars (\$107,100,000) are  
4 available as follows:

5 (1) Forty-two million eight hundred thousand dollars  
6 (\$42,800,000) shall be available for projects that help restore  
7 coastal salmonid populations.

8 (2) Sixty-four million three hundred thousand dollars  
9 (\$64,300,000) shall be available for flood control projects on public  
10 lands that provide critical flood, water quality, and wetland  
11 ecosystem benefits to the San Francisco Bay region.

12 79732. In protecting and restoring California rivers, lakes,  
13 streams, and watersheds, the purposes of this chapter are to:

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

16 (b) Implement watershed adaptation projects in order to reduce  
17 the impacts of climate change on California's communities and  
18 ecosystems.

19 (c) Restore river parkways throughout the state, including, but  
20 not limited to, projects pursuant to the California River Parkways  
21 Act of 2004 (Chapter 3.8 (commencing with Section 5750) of  
22 Division 5 of the Public Resources Code), in the Urban Streams  
23 Restoration Program established pursuant to Section 7048, and  
24 urban river greenways.

25 (d) Protect and restore aquatic, wetland, and migratory bird  
26 ecosystems, including fish and wildlife corridors and the  
27 acquisition of water rights for instream flow pursuant to Section  
28 1707.

29 (e) Fulfill the obligations of the State of California in complying  
30 with the terms of multiparty settlement agreements related to water  
31 resources.

32 (f) Remove barriers to fish passage.

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

35 (h) Implement fuel treatment projects to reduce wildfire risks,  
36 protect watersheds tributary to water storage facilities, and promote  
37 watershed health.

38 (i) Protect and restore rural and urban watershed health to  
39 improve watershed storage capacity, forest health, protection of



1 life and property, stormwater resource management, and  
2 greenhouse gas reduction.

3 (j) Promote access and recreational opportunities to watersheds  
4 and waterways that are compatible with habitat values and water  
5 quality objectives.

6 (k) Promote educational opportunities to instruct and inform  
7 Californians, including young people, about the value of  
8 watersheds.

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

11 (m) Reduce pollution or contamination of rivers, lakes, streams,  
12 or coastal waters, prevent and remediate mercury contamination  
13 from legacy mines, and protect or restore natural system functions  
14 that contribute to water supply, water quality, or flood management.

15 (n) Assist in the recovery of endangered, threatened, or  
16 migratory species by improving watershed health, instream flows  
17 pursuant to Section 1707, fish passage, coastal or inland wetland  
18 restoration, or other means, such as natural community  
19 conservation plan and habitat conservation plan implementation.

20 (o) Promote urban forestry pursuant to the Urban Forest Act of  
21 1978 (Chapter 2 (commencing with Section 4799.06) of Part 2.5  
22 of Division 4 of the Public Resources Code).

23 79733. For restoration and ecosystem protection projects under  
24 this chapter, the services of the California Conservation Corps or  
25 a local conservation corps certified by the California Conservation  
26 Corps shall be used whenever feasible.

27 79734. (a) (1) Notwithstanding Section 79711, of the funds  
28 authorized in Section 79730, five hundred million dollars  
29 (\$500,000,000) shall be available for appropriation to the secretary  
30 to fulfill the obligations of the State of California in complying  
31 with the terms of any of the following:

32 (A) The February 18, 2010, Klamath Basin Restoration  
33 Agreement or Klamath Hydroelectric Settlement Agreement.

34 (B) Chapters 611, 612, and 613 of the Statutes of 2003, which  
35 were enacted to facilitate the execution and implementation of the  
36 Quantification Settlement Agreement, including restoration of the  
37 Salton Sea.

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

40 (D) Section 3406(d) of Title 34 of Public Law 102-575.

1 (E) The Tahoe Regional Planning Compact set forth in Section  
2 66801 of the Government Code pursuant to Title 7.42 (commencing  
3 with Section 66905) of the Government Code.

4 (2) Expenditures funded by this subdivision shall comply with  
5 Section 16727 of the Government Code.

6 (b) Of the funds authorized in Section 79730, two hundred fifty  
7 million dollars (\$250,000,000) shall be available for appropriation  
8 to the secretary for a competitive program to fund multibenefit  
9 watershed and urban rivers enhancement projects in urban  
10 watersheds, including watersheds that drain into the San Francisco  
11 Bay, that increase regional and local water self-sufficiency, and  
12 that meet at least two or more of the following objectives:

- 13 (1) Promote groundwater recharge and water reuse.
- 14 (2) Reduce energy consumption.
- 15 (3) Use soils, plants, and natural processes to treat runoff.
- 16 (4) Create or restore native habitat.
- 17 (5) Increase regional and local resiliency and adaptability to  
18 climate change.

19 (c) The program described in subdivision (b) shall be  
20 implemented by state conservancies, the Wildlife Conservation  
21 Board, or other entities designated by the secretary whose  
22 jurisdiction includes urban watersheds. The projects are subject  
23 to a plan developed jointly by the conservancies, the Wildlife  
24 Conservation Board, or other designated entities in consultation  
25 with the secretary.

26 (d) At least 25 percent of the funds available pursuant to this  
27 section shall be allocated for projects that benefit disadvantaged  
28 communities.

29 (e) Up to 10 percent of the funds available pursuant to this  
30 section may be allocated for project planning.

31 79735. For the purposes of this chapter, the terms “protection”  
32 and “restoration” have the meanings set forth in Section 75005 of  
33 the Public Resources Code.

34

35 CHAPTER 7. CLIMATE CHANGE AND DROUGHT PREPAREDNESS  
36 FOR REGIONAL WATER SECURITY

37

38 79740. The sum of two billion dollars (\$2,000,000,000) shall  
39 be available, upon appropriation by the Legislature from the fund,  
40 for expenditures and competitive grants and loans to projects that

1 respond to climate change and contribute to regional water security  
2 as provided in this chapter.

3 79741. In order to improve regional water self-reliance and  
4 adapt to the effects on water supply arising out of climate change,  
5 the purposes of this chapter are to:

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

8 (b) Provide incentives for water agencies throughout each  
9 watershed to collaborate in managing the region's water resources  
10 and setting regional priorities for water infrastructure.

11 (c) Improve regional water self-reliance, including projects  
12 consistent with Section 85021.

13 79742. (a) In selecting among proposed projects in a  
14 watershed, the scope of the adopted integrated regional water  
15 management plan may be considered by the administering state  
16 agency, with priority going to projects in plans that cover a greater  
17 portion of the watershed. If a plan covers substantially all of the  
18 watershed, then the plan's project priorities shall be given deference  
19 if the project and plan otherwise meet the requirements of this  
20 division and the Integrated Regional Water Management Planning  
21 Act of 2002 (Part 2.2 (commencing with Section 10530) of  
22 Division 6).

23 (b) An urban water supplier that does not prepare, adopt, and  
24 submit its urban water management plan in accordance with the  
25 Urban Water Management Planning Act (Part 2.6 (commencing  
26 with Section 10610) of Division 6) is ineligible to apply for funds  
27 made available pursuant to this chapter until the urban water  
28 management plan is prepared and submitted in accordance with  
29 the requirements of that act. The department shall certify that an  
30 urban water management plan meets the requirements of the Urban  
31 Water Management Planning Act and Sections 10608.56 and  
32 10631.5 before awarding any grants or loans pursuant to this  
33 chapter.

34 (c) An agricultural water supplier that does not prepare, adopt,  
35 and submit its agricultural water management plan in accordance  
36 with the Agricultural Water Management Planning Act (Part 2.8  
37 (commencing with Section 10800) of Division 6) is ineligible to  
38 apply for funds made available pursuant to this chapter until the  
39 agricultural water management plan is prepared and submitted in  
40 accordance with the requirements of that act. The department shall

1 certify that an agricultural water management plan meets the  
2 requirements of the Agricultural Water Management Planning Act  
3 and Section 10608.56 before awarding any grants or loans pursuant  
4 to this chapter.

5 (d) A local agency that does not prepare, adopt, and submit its  
6 groundwater management plan in accordance with Part 2.75  
7 (commencing with Section 10750) of Division 6 is ineligible to  
8 apply for funds made available pursuant to this chapter until the  
9 plan is prepared and submitted in accordance with the requirements  
10 of that part. The department shall certify that a groundwater  
11 management plan meets the requirements of that part and Section  
12 10753.7 before awarding any grants or loans pursuant to this  
13 chapter.

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

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

23 (g) For the purposes of awarding funding under Section 79744,  
24 the applicant shall demonstrate that the integrated regional water  
25 management plan the applicant's project implements contributes  
26 to addressing the risks in the region to water supply and water  
27 infrastructure arising from climate change.

28 (h) Projects that achieve multiple benefits shall receive special  
29 consideration.

30 79743. Subject to the determination of regional priorities by  
31 the regional water management group and the purposes described  
32 in Section 79741, projects eligible for funding allocated regionally  
33 by Section 79744 shall be regional projects or programs, as defined  
34 in Section 10537, and may include, but are not limited to, projects  
35 that promote any of the following:

36 (a) Water reuse and recycling for nonpotable reuse and direct  
37 and indirect potable reuse.

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

39 (c) Local and regional surface and underground water storage,  
40 including groundwater aquifer cleanup or recharge projects.

1 (d) Regional water conveyance facilities that improve integration  
2 of separate water systems.

3 (e) Watershed protection, restoration, and management projects,  
4 including projects that reduce the risk of wildfire or improve water  
5 supply reliability or water quality.

6 (f) Stormwater resource management plans and projects pursuant  
7 to the Stormwater Resource Planning Act (Part 2.3 (commencing  
8 with Section 10560) of Division 6).

9 (g) Conjunctive use of surface and groundwater storage  
10 facilities.

11 (h) Water desalination projects.

12 (i) Improvement of water quality, including drinking water  
13 treatment and distribution, groundwater and aquifer remediation,  
14 matching water quality to water use, wastewater treatment, water  
15 pollution prevention, and management of urban and agricultural  
16 runoff.

17 79744. (a) Of the funds authorized in Section 79740, the sum  
18 of one billion dollars (\$1,000,000,000) shall be administered  
19 according to this section.

20 (b) Funds made available pursuant to this section shall be  
21 available for appropriation to, and shall be administered by, the  
22 department in close collaboration with the state board. Specific  
23 project and planning grant awards shall be selected jointly by the  
24 director and chair of the state board.

25 (c) Funds shall be allocated to the hydrologic regions as  
26 identified in the California Water Plan in accordance with this  
27 section. For the South Coast hydrologic region, the department  
28 shall establish three funding areas that reflect the watersheds of  
29 San Diego County and southern Orange County (designated as the  
30 San Diego subregion), the Santa Ana River watershed (designated  
31 as the Santa Ana subregion), and the Los Angeles and Ventura  
32 County watersheds (designated as the Los Angeles subregion),  
33 and shall allocate funds to those areas in accordance with this  
34 subdivision. The North and South Lahontan hydrologic regions  
35 shall be treated as one area for the purpose of allocating funds. For  
36 purposes of this subdivision, the Sacramento River hydrologic  
37 region does not include the Delta. For purposes of this subdivision,  
38 the Mountain Counties Overlay is not eligible for funds from the  
39 Sacramento River hydrologic region or the San Joaquin River

1 hydrologic region. Multiple integrated regional water management  
2 plans may be recognized in each of the areas allocated funding.

3 (d) Funds described in this section shall be allocated as follows:

4 (1) Forty-five million dollars (\$45,000,000) for the North Coast  
5 hydrologic region.

6 (2) One hundred thirty-two million dollars (\$132,000,000) for  
7 the San Francisco Bay hydrologic region.

8 (3) Fifty-eight million dollars (\$58,000,000) for the Central  
9 Coast hydrologic region.

10 (4) One hundred ninety-eight million dollars (\$198,000,000)  
11 for the Los Angeles subregion.

12 (5) One hundred nineteen million dollars (\$119,000,000) for  
13 the Santa Ana subregion.

14 (6) Ninety-six million dollars (\$96,000,000) for the San Diego  
15 subregion.

16 (7) Seventy-six million dollars (\$76,000,000) for the Sacramento  
17 River hydrologic region.

18 (8) Sixty-four million dollars (\$64,000,000) for the San Joaquin  
19 River hydrologic region.

20 (9) Seventy million dollars (\$70,000,000) for the Tulare/Kern  
21 hydrologic region.

22 (10) Fifty-one million dollars (\$51,000,000) for the North/South  
23 Lahontan hydrologic region.

24 (11) Forty-seven million dollars (\$47,000,000) for the Colorado  
25 River Basin hydrologic region.

26 (12) Forty-four million dollars (\$44,000,000) for the Mountain  
27 Counties Overlay.

28 (e) Funds allocated pursuant to this section may be used for the  
29 purposes described in Sections 79745 and 79747.

30 79745. (a) Of the funds authorized by Section 79740, two  
31 hundred fifty million dollars (\$250,000,000) shall be available for  
32 appropriation to the department for direct expenditures, grants,  
33 and loans for water conservation and water use efficiency plans,  
34 projects, and programs, including either of the following:

35 (1) Urban water conservation plans, projects, and programs,  
36 including regional projects and programs, implemented to achieve  
37 urban water use targets developed pursuant to Section 10608.20.  
38 Priority for funding shall be given to programs that do any of the  
39 following:

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

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

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

11 (2) Agricultural water management plans or agricultural water  
12 use efficiency projects and programs developed pursuant to Part  
13 2.8 (commencing with Section 10800) of Division 6. Of the funds  
14 provided by this section, one hundred million dollars  
15 (\$100,000,000) shall be available for improving on-farm water  
16 use efficiency, including, but not limited to, drip irrigation.

17 (b) Section 1011 applies to all conservation measures that an  
18 agricultural water supplier or an urban water supplier implements  
19 with funding under this chapter. This subdivision does not limit  
20 the application of Section 1011 to any other measures or projects  
21 implemented by a water supplier.

22 (c) For purposes of this section, funded projects shall not be  
23 required to comply with the requirements of the Integrated  
24 Regional Water Management Planning Act of 2002 (Part 2.2  
25 (commencing with Section 10530) of Division 6). The funding  
26 available pursuant to this section may be appropriated to an  
27 integrated regional water management program or plan.

28 79746. Of the funds authorized by Section 79740, five hundred  
29 million dollars (\$500,000,000) shall be available to the state board,  
30 upon appropriation by the Legislature from the fund, for grants  
31 and low-interest loans for water recycling and advanced treatment  
32 technology projects, including all of the following:

33 (a) Water recycling projects, including, but not limited to,  
34 treatment, storage, conveyance, and distribution facilities for  
35 potable and nonpotable recycling projects.

36 (b) Contaminant and salt removal projects, including, but not  
37 limited to, groundwater and seawater desalination and associated  
38 treatment, storage, conveyance, and distribution facilities.

- 1 (c) Dedicated distribution infrastructure to serve residential,  
2 agricultural, commercial, and industrial end-users to allow the use  
3 of recycled water.
- 4 (d) Pilot projects for new salt and contaminant removal  
5 technology.
- 6 (e) Groundwater recharge infrastructure related to recycled  
7 water.
- 8 (f) Technical assistance and grant writing assistance for  
9 disadvantaged communities.
- 10 (g) For projects funded pursuant to this section, at least a 25  
11 percent local cost share shall be required. That cost share may be  
12 suspended or reduced for disadvantaged communities and  
13 economically distressed areas.
- 14 (h) Water supply reliability improvement for critical urban water  
15 supplies in designated superfund areas with groundwater  
16 contamination listed on the National Priorities List established  
17 pursuant to Section 105 of the Comprehensive Environmental  
18 Response, Compensation, and Liability Act of 1980 (42 U.S.C.  
19 Sec. 9605(a)(8)(B)).
- 20 (i) Projects funded pursuant to this section shall be selected on  
21 a competitive basis, considering all of the following criteria:
- 22 (1) Regional 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~~ *state*, including both northern and southern  
30 California and coastal and inland regions.
- 31 (j) 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 or advanced treatment technology into  
35 the region's water supplies.
- 36 (k) For purposes of this section, competitive programs shall be  
37 implemented consistent with water recycling programs  
38 administered pursuant to Sections 79140 and 79141 or consistent  
39 with desalination programs administered pursuant to Sections  
40 79545 and 79547.2.



1 (l) For purposes of this section, funded projects shall not be  
2 required to comply with the requirements of the Integrated  
3 Regional Water Management Planning Act of 2002 (Part 2.2  
4 (commencing with Section 10530) of Division 6).

5 79747. (a) Of the funds authorized by Section 79740, two  
6 hundred fifty million dollars (\$250,000,000) shall be available for  
7 appropriation to the state board for grants and loans for projects  
8 that develop, implement, or improve a stormwater capture and  
9 reuse plan consistent with Part 2.3 (commencing with Section  
10 10560) of Division 6 and that capture and put to beneficial use  
11 stormwater or dry weather runoff.

12 (b) Stormwater capture and reuse projects developed pursuant  
13 to an adopted integrated regional water management plan in  
14 compliance with Part 2.2 (commencing with Section 10530) of  
15 Division 6 are also eligible for funding under this section if those  
16 projects were identified and developed in substantive compliance  
17 with Part 2.3 (commencing with Section 10560) of Division 6.

18 (c) Projects eligible for funding under this section shall assist  
19 in the capture and reuse of stormwater or dry weather runoff.  
20 Eligible projects include any of the following:

21 (1) Projects that capture, convey, treat, or put to beneficial use  
22 stormwater or dry weather runoff.

23 (2) The development of stormwater capture and reuse plans  
24 pursuant to Part 2.3 (commencing with Section 10560) of Division  
25 6.

26 (3) Decision support tools, data acquisition, and data analysis  
27 to identify and evaluate the benefits and costs of potential  
28 stormwater capture and reuse projects.

29 (4) Projects that, in addition to capturing and reusing stormwater  
30 or dry weather runoff, improve water quality, provide public  
31 benefits, such as augmentation of water supply, flood control, open  
32 ~~space~~ *space*, and recreation, and projects designed to mimic or  
33 restore natural watershed functions.

34 (d) The state board shall grant special consideration to plans or  
35 projects that provide multiple benefits such as water quality, water  
36 supply, flood control, natural lands, or recreation.

37 (e) The state board shall require a 25 percent local cost share  
38 for grant funds, but may suspend or reduce the matching  
39 requirements for projects that capture or reuse stormwater or dry  
40 weather runoff in disadvantaged communities.

1 (f) The state board shall adopt a policy establishing criteria for  
2 projects funded by this section to ensure that a project funded  
3 pursuant to this section complies with water quality laws and does  
4 not put at risk any groundwater or surface water supplies.

5 79748. In order to receive funding authorized by this chapter  
6 to address groundwater quality or supply in an aquifer, the  
7 applicant shall demonstrate that a public agency has authority to  
8 manage the water resources in that aquifer. A groundwater  
9 management plan adopted and approved pursuant to Part 2.75  
10 (commencing with Section 10750) of Division 6 shall be deemed  
11 sufficient to satisfy the requirements of this section.

12  
13 CHAPTER 8. SACRAMENTO-SAN JOAQUIN DELTA  
14 SUSTAINABILITY  
15

16 79750. (a) The sum of one billion dollars (\$1,000,000,000)  
17 shall be available, upon appropriation by the Legislature from the  
18 fund, for grants and direct expenditures to improve the  
19 sustainability of the Delta as follows:

20 (1) Four hundred million dollars (\$400,000,000) of the funding  
21 available pursuant to this chapter shall be available for  
22 appropriation to the department for the purpose identified in  
23 subdivision (b) of Section 79751.

24 (2) Six hundred million dollars (\$600,000,000) of the funding  
25 available pursuant to this chapter shall be available for  
26 appropriation to the Sacramento-San Joaquin Delta Conservancy  
27 for the purposes identified in subdivisions (a) and (c) of Section  
28 79751.

29 (3) Funding available pursuant to paragraphs (1) and (2) may  
30 be combined to provide funding to projects that accomplish more  
31 than one of the purposes identified in Section 79751.

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

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

13 (b) Projects to reduce greenhouse gas emissions from exposed  
14 Delta soils.

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

17 79755. (a) Funding authorized by this chapter for the purpose  
18 of subdivision (b) of Section 79751 shall reduce the risk of levee  
19 failure and flood in the Delta and may be expended, consistent  
20 with the Delta levee investment priorities recommended pursuant  
21 to Section 85306, for any of the following:

22 (1) Local assistance under the Delta levee maintenance  
23 subventions program under Part 9 (commencing with Section  
24 12980) of Division 6.

25 (2) Special flood protection projects under Chapter 2  
26 (commencing with Section 12310) of Part 4.8 of Division 6.

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

30 (4) Emergency response and repair projects.

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

33 (c) The department shall, as a part of the 2015–16 fiscal year  
34 May budget revision, provide the Senate and Assembly Budget  
35 Committees a proposal for implementing paragraphs (3) and (4)  
36 of subdivision (a) including any changes to statutes necessary to  
37 implement that proposal.

## 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) The commission shall submit project status reports as  
13 requested to the Department of Finance.

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

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

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

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

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

28 79761. The sum of two billion five hundred million dollars  
29 (\$2,500,000,000) shall be available, upon appropriation by the  
30 Legislature, from the fund to the commission, for expenditures,  
31 competitive grants, and loans for public benefits associated with  
32 projects that expand the state's water storage capacity.

33 79762. In order to expand the state's water storage capacity to  
34 address the impacts of climate change on the snow pack in the  
35 Sierra Nevada Mountains and water storage resources, the purposes  
36 of this chapter are to:

37 (a) Construct new surface water storage projects.

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

39 (c) Restore water storage capacity of existing surface water  
40 storage reservoirs.

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

2 (e) Construct and expand stormwater retention facilities.

3 79763. Projects for which the public benefits are eligible for  
4 funding under this chapter consist of only the following:

5 (a) Surface storage projects identified in the CALFED Bay-Delta  
6 Program Record of Decision, dated August 28, 2000, except for  
7 projects prohibited by Chapter 1.4 (commencing with Section  
8 5093.50) of Division 5 of the Public Resources Code.

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

12 (c) Conjunctive use and reservoir reoperation projects.

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

16 (e) Projects that remove sediment, improve dam stability in  
17 seismic events, or otherwise restore water storage capacity in  
18 existing water storage reservoirs.

19 79764. A project in the Delta watershed shall not be funded  
20 pursuant to this chapter unless it provides measurable  
21 improvements to the Delta ecosystem.

22 79765. (a) Funds allocated pursuant to this chapter may be  
23 expended solely for the following public benefits associated with  
24 water storage projects:

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

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

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

38 (b) Notwithstanding subdivision (a), in response to an  
39 emergency declared by the Governor, funds provided by this  
40 chapter may be used to acquire or to reimburse the costs of

1 acquiring emergency water supplies and flows for dilution and  
2 salinity repulsion following a natural disaster or act of terrorism.  
3 79766. In consultation with the Department of Fish and  
4 Wildlife, the state board, and the department, the commission shall  
5 develop and adopt, by regulation, methods for quantification and  
6 management of public benefits described in Section 79765 by  
7 December 15, 2015. The regulations shall include the priorities  
8 and relative environmental value of ecosystem benefits as provided  
9 by the Department of Fish and Wildlife and the priorities and  
10 relative environmental value of water quality benefits as provided  
11 by the state board.

12 79767. (a) Except as provided in subdivision (c), funds  
13 allocated pursuant to this chapter shall not be allocated for a project  
14 until the commission approves the project based on the  
15 commission’s determination that all of the following have occurred:

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

19 (2) For projects to be constructed and operated by the  
20 department, the department has entered into a contract with each  
21 party that will derive benefits, other than public benefits, as defined  
22 in Section 79765, from the project that ensures the party will pay  
23 its share of the total costs of the project. The benefits available to  
24 a party shall be consistent with that party’s share of total project  
25 costs.

26 (3) The department has entered into a contract with each public  
27 agency identified in Section 79766 that administers the public  
28 benefits, after that agency makes a finding that the public benefits  
29 of the project for which that agency is responsible meet all the  
30 requirements of this chapter, to ensure that the public contribution  
31 of funds pursuant to this chapter achieves the public benefits  
32 identified for the project.

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

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

38 (A) Feasibility studies have been completed.

39 (B) The commission has found and determined that the project  
40 is feasible, is consistent with all applicable laws and regulations,

1 and, if the project is in the Delta watershed, will advance one or  
2 more of the policy objectives specified in Section 85020.

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

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

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

13 79768. (a) The public benefit cost share of a project funded  
14 pursuant to this chapter shall not exceed 50 percent of the total  
15 costs of any project funded under this chapter.

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

20 79769. (a) A project is not eligible for funding under this  
21 chapter unless, by January 1, 2018, all of the following conditions  
22 are met:

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

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

28 (3) For projects to be constructed and operated by the  
29 department, the director receives commitments for not less than  
30 75 percent of the nonpublic benefit cost share of the project.

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

38 79770. (a) Funding authorized by this chapter shall not be  
39 used to pay any share of the costs of remediation ~~attributed to~~  
40 *recovered from* parties responsible for the contamination of a

1 groundwater storage aquifer, but may be used to pay costs that  
 2 cannot be recovered from responsible parties. Parties that receive  
 3 funding for remediating groundwater storage aquifers shall exercise  
 4 ~~their best~~ *reasonable* efforts to recover the costs of groundwater  
 5 cleanup from the parties responsible for the contamination.

6 (b) Projects *and activities* that leverage funding from local  
 7 agencies and responsible parties to the maximum extent possible  
 8 shall receive priority consideration ~~in groundwater storage project~~  
 9 ~~selection.~~

10 79771. From the funds described in Section 79761, upon  
 11 appropriation by the Legislature, the commission shall make  
 12 twenty-five million dollars (\$25,000,000) available to the  
 13 department for studying the feasibility of additional surface storage  
 14 projects. Funds provided by this section are not available to study  
 15 the feasibility of any storage project identified in the CALFED  
 16 Bay-Delta Program Record of Decision, dated August 28, 2000.

17  
 18 CHAPTER 10. FISCAL PROVISIONS  
 19

20 79800. (a) Bonds in the total amount of eight billion dollars  
 21 (\$8,000,000,000), or so much thereof as is necessary, not including  
 22 the amount of any refunding bonds issued in accordance with  
 23 Section 79812 may be issued and sold to provide a fund to be used  
 24 for carrying out the purposes expressed in this division and to  
 25 reimburse the General Obligation Bond Expense Revolving Fund  
 26 pursuant to Section 16724.5 of the Government Code. The bonds,  
 27 when sold, shall be and constitute a valid and binding obligation  
 28 of the State of California, and the full faith and credit of the State  
 29 of California is hereby pledged for the punctual payment of both  
 30 principal of, and interest on, the bonds as the principal and interest  
 31 become due and payable.

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

37 79801. The bonds authorized by this division shall be prepared,  
 38 executed, issued, sold, paid, and redeemed as provided in the State  
 39 General Obligation Bond Law (Chapter 4 (commencing with  
 40 Section 16720) of Part 3 of Division 4 of Title 2 of the Government



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

5 79802. (a) Solely for the purpose of authorizing the issuance  
6 and sale pursuant to the State General Obligation Bond Law  
7 (Chapter 4 (commencing with Section 16720) of Part 3 of Division  
8 4 of Title 2 of the Government Code) of the bonds authorized by  
9 this division, the Clean, Safe, and Reliable Drinking Water Finance  
10 Committee is hereby created. For purposes of this division, the  
11 Clean, Safe, and Reliable Drinking Water Finance Committee is  
12 the “committee” as that term is used in the State General Obligation  
13 Bond Law.

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

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

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

22 79803. The committee shall determine whether or not it is  
23 necessary or desirable to issue bonds authorized pursuant to this  
24 division in order to carry out the actions specified in this division  
25 and, if so, the amount of bonds to be issued and sold. Successive  
26 issues of bonds may be authorized and sold to carry out those  
27 actions progressively, and it is not necessary that all of the bonds  
28 authorized to be issued be sold at any one time.

29 79804. For purposes of the State General Obligation Bond  
30 Law, “board,” as defined in Section 16722 of the Government  
31 Code, means the Department of Water Resources.

32 79805. There shall be collected each year and in the same  
33 manner and at the same time as other state revenue is collected,  
34 in addition to the ordinary revenues of the state, a sum in an amount  
35 required to pay the principal of, and interest on, the bonds each  
36 year. It is the duty of all officers charged by law with any duty in  
37 regard to the collection of the revenue to do and perform each and  
38 every act that is necessary to collect that additional sum.

39 79806. Notwithstanding Section 13340 of the Government  
40 Code, there is hereby appropriated from the General Fund in the

1 State Treasury, for the purposes of this division, an amount that  
2 will equal the total of the following:

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

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

8 79807. The board may request the Pooled Money Investment  
9 Board to make a loan from the Pooled Money Investment Account  
10 in accordance with Section 16312 of the Government Code for the  
11 purpose of carrying out this division less any amount withdrawn  
12 pursuant to Section 79809. The amount of the request shall not  
13 exceed the amount of the unsold bonds that the committee has, by  
14 resolution, authorized to be sold for the purpose of carrying out  
15 this division. The board shall execute those documents required  
16 by the Pooled Money Investment Board to obtain and repay the  
17 loan. Any amounts loaned shall be deposited in the fund to be  
18 allocated in accordance with this division.

19 79808. Notwithstanding any other provision of this division,  
20 or of the State General Obligation Bond Law, if the Treasurer sells  
21 bonds that include a bond counsel opinion to the effect that the  
22 interest on the bonds is excluded from gross income for federal  
23 tax purposes under designated conditions or is otherwise entitled  
24 to any federal tax advantage, the Treasurer may maintain separate  
25 accounts for the bond proceeds invested and for the investment  
26 earnings on those proceeds, and may use or direct the use of those  
27 proceeds or earnings to pay any rebate, penalty, or other payment  
28 required under federal law or take any other action with respect  
29 to the investment and use of those bond proceeds, as may be  
30 required or desirable under federal law in order to maintain the  
31 tax-exempt status of those bonds and to obtain any other advantage  
32 under federal law on behalf of the funds of this state.

33 79809. For the purposes of carrying out this division, the  
34 Director of Finance may authorize the withdrawal from the General  
35 Fund of an amount or amounts not to exceed the amount of the  
36 unsold bonds that have been authorized by the committee to be  
37 sold for the purpose of carrying out this division less any amount  
38 borrowed pursuant to Section 79807. Any amounts withdrawn  
39 shall be deposited in the fund. Any moneys made available under  
40 this section shall be returned to the General Fund, with interest at

1 the rate earned by the moneys in the Pooled Money Investment  
2 Account, from proceeds received from the sale of bonds for the  
3 purpose of carrying out this division.

4 79810. All moneys deposited in the fund that are derived from  
5 premium and accrued interest on bonds sold pursuant to this  
6 division shall be reserved in the fund and shall be available for  
7 transfer to the General Fund as a credit to expenditures for bond  
8 interest, except that amounts derived from premium may be  
9 reserved and used to pay the cost of bond issuance prior to any  
10 transfer to the General Fund.

11 79811. Pursuant to Chapter 4 (commencing with Section  
12 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
13 the cost of bond issuance shall be paid out of the bond proceeds,  
14 including premium, if any. To the extent the cost of bond issuance  
15 is not paid from premiums received from the sale of bonds, these  
16 costs shall be shared proportionately by each program funded  
17 through this division by the applicable bond sale.

18 79812. The bonds issued and sold pursuant to this division  
19 may be refunded in accordance with Article 6 (commencing with  
20 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
21 the Government Code, which is a part of the State General  
22 Obligation Bond Law. Approval by the voters of the state for the  
23 issuance of the bonds under this division shall include approval  
24 of the issuance of any bonds issued to refund any bonds originally  
25 issued under this division or any previously issued refunding bonds.

26 79813. The proceeds from the sale of bonds authorized by this  
27 division are not “proceeds of taxes” as that term is used in Article  
28 XIII B of the California Constitution, and the disbursement of  
29 these proceeds is not subject to the limitations imposed by that  
30 article.

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

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

38 SEC. 5. Section 2 of this act shall take effect upon the approval  
39 by the voters of the Clean, Safe, and Reliable Drinking Water Act

1 of 2014, as set forth in that section at the November 4, 2014,  
2 statewide general election.

O