

AMENDED IN SENATE JUNE 19, 2007

AMENDED IN ASSEMBLY APRIL 18, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1420

Introduced by Assembly Member Laird

February 23, 2007

An act to amend Section 10631.5 of, and to add ~~Section 10631.7~~ Sections 10631.6 and 10631.7 to, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1420, as amended, Laird. Water demand management measures: water management grant or loan funds.

Existing law requires an urban water supplier to prepare and adopt an urban water management plan that includes a description of the supplier's water demand management measures that are currently being implemented or scheduled for implementation. Existing law requires the Department of Water Resources to take into consideration whether the urban water supplier is implementing or has scheduled for implementation the water demand management activities that the supplier identified in its urban water management plan in evaluating applications for grants and loans financed by specified bond funds.

This bill would delete that provision relating to the evaluation of grant or loan applications financed by those specified bond funds. The bill, instead, would require the terms of, and eligibility for, any water management grant or loan *made* to an urban water supplier *and* awarded or administered by the department, the State Water Resources Control Board, or the California Bay-Delta Authority, with a certain exception,

to be conditioned on the implementation of the water demand management measures described in the urban water management plan.

The bill would require the department to develop grant and loan criteria implementing this requirement based on the conservation measures described in a specified memorandum of understanding *or alternative conservation approaches in that memorandum that provide equal or greater water savings*. The department would be required to set a standard of excellence in water conservation *that results in water savings significantly above the compliance levels in this memorandum of understanding*, ~~and would be required to amend the grant and loan criteria to give funding priority to agencies meeting this standard of excellence~~. The department would be required to convene an independent panel to, among other things, review the water conservation best management practices identified in the memorandum.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) *Increased urban water conservation has the potential to*
4 *result in significant annual water savings statewide, and therefore*
5 *can play a fundamental role in promoting sustainable and reliable*
6 *water supplies statewide.*

7 (a)

8 (b) In 1991 urban water suppliers, environmental organizations,
9 and other interested parties signed the Memorandum of
10 Understanding Regarding Urban Water Conservation in California.
11 This memorandum of understanding does all of the following:

12 (1) Establishes the California Urban Water Conservation
13 Council, made up of the signatories of the memorandum of
14 understanding, to oversee the implementation of the memorandum
15 of understanding.

16 (2) Describes water conservation best management practices
17 that the signatories agree to implement. There are currently 14 best
18 management practices.

19 (3) Describes the general criteria for best management practice
20 implementation and exemptions.

1 (4) Describes the requirements for member urban water suppliers
2 to report to the California Urban Water Conservation Council
3 biennially on best management practice implementation.

4 (5) Describes the process for updating and amending the
5 memorandum of understanding.

6 (b)

7 (c) The California Urban Water Conservation Council serves
8 an important function in assisting in the management of the state's
9 limited water supplies by identifying urban water conservation
10 best management practices, and providing critical information on
11 urban water conservation implementation in the state.

12 (e)

13 (d) The Urban Water Management Planning Act (Part 2.6
14 (commencing with Section 10610) of Division 6 of the Water
15 Code) requires each water management plan to include a
16 description of the urban water supplier's demand management
17 measures planned for implementation or being implemented. The
18 act requires an urban water supplier to include in the plan specified
19 demand management measures. These demand management
20 measures intentionally correspond to the water conservation best
21 management practices included in the Memorandum of
22 Understanding Regarding Urban Water Conservation in California,
23 dated 1991.

24 (e) *The California Water Plan as updated in 2005 supports*
25 *water use efficiency as a foundational action to ensure sustainable*
26 *water uses.*

27 SEC. 2. Section 10631.5 of the Water Code is amended to read:

28 10631.5. (a) (1) Beginning January 1, 2009, the terms of, and
29 eligibility for, a water management grant or loan, ~~including funding~~
30 ~~for programs and projects for surface or groundwater storage,~~
31 ~~recycling, desalination, water conservation, water supply reliability,~~
32 ~~water supply augmentation, and funds made available pursuant to~~
33 ~~Section 75026 of the Public Resources Code,~~ made to an urban
34 water supplier, *as defined in Section 10617, and* awarded or
35 administered by the department, state board, or California
36 Bay-Delta Authority shall be conditioned on the implementation
37 of the water demand management measures described in
38 subdivision (f) of Section 10631.

39 (2) *For the purposes of this section and Section 10631.6, water*
40 *management grants and loans include funding for programs and*

1 projects for surface or groundwater storage, recycling,
2 desalination, water conservation, water supply reliability, and
3 water supply augmentation. This funding includes, but is not limited
4 to, funds made available pursuant to Section 75026 of the Public
5 Resources Code.

6 ~~(2)~~

7 (3) Notwithstanding paragraph (1), the department ~~may~~ shall
8 determine that an urban water supplier is eligible for a water
9 management grant or loan even though the supplier is not
10 implementing all of the water demand management measures
11 described in subdivision (f) of Section 10631, if ~~both of the~~
12 ~~following apply:~~ the urban water supplier has submitted to the
13 department for approval consistent with the criteria established
14 pursuant to subdivision (b) a schedule, financing plan, and budget,
15 to be included in the grant or loan agreement, for implementation
16 of the water demand management measures. The supplier may
17 request grant or loan funds to implement the water demand
18 management measures to the extent the request is consistent with
19 the eligibility requirements of the water management funds.

20 ~~(A) The department determines that the grant or loan will assist~~
21 ~~the grantee or loan recipient in complying with the implementation~~
22 ~~of those water demand management measures.~~

23 ~~(B) The supplier has submitted to the department a schedule for~~
24 ~~implementation of these water demand management measures.~~

25 (b) (1) ~~No later than December 1, 2008,~~ After holding one or
26 more public meetings to solicit public input, the department shall
27 develop grant and loan criteria implementing the requirement of
28 ~~paragraph (1) of~~ subdivision (a). The criteria shall be based on the
29 conservation measures described in the Memorandum of
30 Understanding Regarding Urban Water Conservation in California
31 or alternative conservation approaches described in that
32 memorandum or updates to the memorandum that provide equal
33 or greater water savings.

34 (2) The department shall review and update the criteria every
35 three years based on, but not limited to, updates to the
36 memorandum of understanding, and recommendations by the panel
37 convened pursuant to subdivision (b) of Section 10631.7.

38 ~~(3) No later than January 1, 2010, the department shall amend~~
39 ~~the criteria established pursuant to this subdivision to give funding~~

1 ~~priority to agencies meeting the standard of excellence described~~
2 ~~in subdivision (e) of Section 10631.7.~~

3 ~~(e) The department shall conduct audits as necessary to~~
4 ~~determine if urban water suppliers are implementing water demand~~
5 ~~management measures meeting the criteria established pursuant~~
6 ~~to subdivision (b).~~

7 *(3) The grant and loan criteria developed pursuant to paragraph*
8 *(1) shall only require implementation of conservation measures*
9 *that are locally cost effective. If an urban water supplier determines*
10 *that a water conservation measure is not locally cost effective, the*
11 *urban water supplier shall submit documentation that supports*
12 *this conclusion to the department. If the department determines*
13 *that the documentation does not justify exemption from the*
14 *implementation of a water conservation measure, the department*
15 *shall do both of the following:*

16 *(A) Notify the urban water supplier within 60 days that the*
17 *documentation does not satisfy the requirements for exemption.*

18 *(B) Provide a detailed statement of findings supporting the*
19 *department's determination.*

20 *(4) Wholesale and retail urban water supplier eligibility shall*
21 *be based on their individual compliance with the conservation*
22 *criteria.*

23 *(c) The department shall develop a process to evaluate urban*
24 *water supplier compliance with the criteria developed pursuant*
25 *to subdivision (b), including, but not limited to, random audits.*

26 *(d) The urban water supplier may submit to the department*
27 *copies of its annual reports and other relevant documents to assist*
28 *the department in determining whether the urban water supplier*
29 *is implementing or scheduling the implementation of water demand*
30 *management activities. In addition, for urban water suppliers that*
31 *are signatories to the Memorandum of Understanding Regarding*
32 *Urban Water Conservation in California and submit biennial reports*
33 *to the California Urban Water Conservation Council in accordance*
34 *with the memorandum, the department may use these reports to*
35 *assist in tracking the implementation of water demand management*
36 *measures.*

37 *SEC. 3. Section 10631.6 is added to the Water Code, to read:*

38 *10631.6. No later than January 1, 2011, and every three years*
39 *thereafter, the department shall do both of the following:*

1 (a) Define a standard of excellence in water conservation that
 2 results in water savings significantly above the compliance levels
 3 in the Memorandum of Understanding Regarding Urban Water
 4 Conservation in California, as last amended.

5 (b) Publish a list of urban water suppliers that meet the standard
 6 of excellence, based on information provided by urban water
 7 suppliers in their urban water management plans, and other
 8 documents urban water suppliers submit to the department.

9 ~~SEC. 3.~~

10 SEC. 4. Section 10631.7 is added to the Water Code, to read:

11 10631.7. (a) The department shall assist the California Urban
 12 Water Conservation Council in maintaining an effective
 13 conservation reporting database. To the extent that funds are
 14 available, the department shall provide technical and financial
 15 support to the council for the maintenance and improvement of
 16 the conservation database.

17 (b) The department shall convene an independent panel no later
 18 than ~~December 1, 2008, and every five years thereafter.~~ The
 19 department shall select the panel members, which shall include
 20 technical panel to provide advice on new conservation measures,
 21 technologies, and approaches. The panel shall consist of no more
 22 than seven members and shall be convened no later than January
 23 1, 2009. The department shall select the panel members to reflect
 24 a balanced representation of experts from academia, private and
 25 public sectors, and nonprofit organizations. The panel shall do all
 26 of the following:

27 (1) Review the water conservation best management practices
 28 identified in the Memorandum of Understanding Regarding Urban
 29 Water Conservation in California, and determine if these best
 30 management practices meet the definition of best management
 31 practices specified in the memorandum, and the manner in which
 32 the implementation of the existing best management practices can
 33 be improved statewide.

34 (2) Identify other water conservation practices that meet the
 35 definition of best management practices specified in the
 36 memorandum, but that are not included in the memorandum.

37 (3) Report to the Legislature, the department, and the California
 38 Urban Water Conservation Council on their review and
 39 recommendations no later than ~~December 1, 2010~~ January 1, 2010,
 40 and every six years thereafter.

1 ~~(e) The department shall set a standard of excellence in water~~
2 ~~conservation significantly above the compliance levels in the~~
3 ~~Memorandum of Understanding Regarding Urban Water~~
4 ~~Conservation in California, and no later than January 1, 2010,~~
5 ~~annually publish a list of water agencies that meet this standard of~~
6 ~~excellence.~~

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