

**SENATE BILL**

**No. 3**

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**Introduced by Senator Steinberg**

October 27, 2009

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An act to add Division 26.7 (commencing with Section 79700) to the Water Code, relating to financing a safe drinking water and water supply reliability 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, making an appropriation therefor, and declaring the urgency thereof to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 3, as introduced, Steinberg. Safe, Clean, and Reliable Drinking Water Supply Act of 2010: flood protection.

(1) 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 Safe, Clean, and Reliable Drinking Water Supply Act of 2010, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$9,390,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program.

The bill would provide for the submission of the bond act to the voters at the November 2, 2010, statewide general election.

(2) Existing law makes \$3,000,000,000 available to the Department of Water Resources, upon appropriation, for various purposes including reducing the risk of levee failure in the Sacramento-San Joaquin Delta.

The bill would appropriate \$200,000,000 of these funds for flood protection projects in the Sacramento-San Joaquin Delta.

(3) The bill would take effect only if \_\_\_\_ of the 2009–10 Seventh Extraordinary Session of the Legislature is enacted and becomes operative.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: yes. 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 is added to the Water Code, to read:

3  
4 DIVISION 26.7. THE SAFE, CLEAN, AND RELIABLE  
5 DRINKING WATER SUPPLY ACT OF 2010

6  
7 CHAPTER 1. SHORT TITLE

8  
9 79700. This division shall be known, and may be cited, as the  
10 Safe, Clean, and Reliable Drinking Water Supply Act of 2010.

11  
12 CHAPTER 2. FINDINGS AND DECLARATIONS

13  
14 79701. The people of California find and declare all of the  
15 following:

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

20 (b) Every Californian should have access to clean, safe, and  
21 reliable drinking water.

22 (c) Providing adequate supplies of clean, safe, and reliable  
23 drinking water is vital to keeping California’s economy growing  
24 and strong.

25 (d) Encouraging water conservation and recycling are  
26 commonsense methods to make more efficient use of existing  
27 water supplies.

1 (e) Protecting lakes, rivers, and streams from pollution, cleaning  
 2 up polluted groundwater supplies, and protecting water sources  
 3 that supply the entire state are crucial to providing a reliable supply  
 4 of drinking water and protecting the state’s natural resources.

5  
 6 CHAPTER 3. DEFINITIONS  
 7

8 79702. Unless the context otherwise requires, the definitions  
 9 set forth in this section govern the construction of this division, as  
 10 follows:

11 (a) “Bay Delta Conservation Plan” means the final plan prepared  
 12 pursuant to the planning agreement regarding the Bay Delta  
 13 Conservation Plan, dated October 6, 2006.

14 (b) “Bay-Delta Estuary” means the Delta, Suisun Bay, and  
 15 Suisun Marsh.

16 (c) “CALFED Bay-Delta Program” means the program  
 17 described in the Record of Decision dated August 28, 2000.

18 (d) “Commission” means the California Water Commission.

19 (e) “Committee” means the Safe, Clean, and Reliable Drinking  
 20 Water Supply Finance Committee created by Section 79812.

21 (f) “Delta” means the Sacramento-San Joaquin Delta, as defined  
 22 in Section 12220.

23 (g) “Delta conveyance facilities” means facilities that convey  
 24 water directly from the Sacramento River to the State Water Project  
 25 or the federal Central Valley Project pumping facilities in the south  
 26 Delta.

27 (h) “Delta counties” means the Counties of Solano, Yolo,  
 28 Sacramento, Contra Costa, and San Joaquin.

29 (i) “Delta Plan” has the meaning set forth in Section 85059.

30 (j) “Department” means the Department of Water Resources.

31 (k) “Director” means the Director of Water Resources.

32 (l) “Disadvantaged community” has the meaning set forth in  
 33 subdivision (a) of Section 79505.5.

34 (m) “Fund” means the Safe, Clean, and Reliable Drinking Water  
 35 Supply Fund of 2010 created by Section 79720.

36 (n) “Integrated regional water management plan” has the  
 37 meaning set forth in Section 10534.

38 (o) “Nonprofit organization” means an organization qualified  
 39 to do business in California and qualified under Section 501(c)(3)  
 40 of Title 26 of the United States Code.

1 (p) “Public agency” means a state agency or department, district,  
2 joint powers authority, city, county, city and county, or other  
3 political subdivision of the state.

4 (q) “Secretary” means the Secretary of the Natural Resources  
5 Agency.

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

10

11

#### CHAPTER 4. GENERAL PROVISIONS

12

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

16 79706. Up to 10 percent of funds allocated for each program  
17 funded by this division may be expended for planning and  
18 monitoring necessary for the successful design, selection, and  
19 implementation of the projects authorized under that program.  
20 This section shall not otherwise restrict funds ordinarily used by  
21 an agency for “preliminary plans,” “working drawings,” and  
22 “construction” as defined in the annual Budget Act for a capital  
23 outlay project or grant project. Water quality monitoring shall be  
24 integrated into the surface water ambient monitoring program  
25 administered by the State Water Resources Control Board.

26 79707. Chapter 3.5 (commencing with Section 11340) of Part  
27 1 of Division 3 of Title 2 of the Government Code does not apply  
28 to the development or implementation of programs or projects  
29 authorized or funded under this division other than Chapter 8  
30 (commencing with Section 79740).

31 79708. (a) Prior to disbursing grants pursuant to this division,  
32 each state agency that is required to administer a competitive grant  
33 program under this division shall develop and adopt project  
34 solicitation and evaluation guidelines. The guidelines may include  
35 a limitation on the dollar amount of grants to be awarded.

36 (b) Prior to disbursing grants, the state agency shall conduct  
37 three public meetings to consider public comments prior to  
38 finalizing the guidelines. The state agency shall publish the draft  
39 solicitation and evaluation guidelines on its Internet Web site at  
40 least 30 days before the public meetings. One meeting shall be

1 conducted at a location in northern California, one meeting shall  
2 be conducted at a location in the central valley, and one meeting  
3 shall be conducted at a location in southern California. Upon  
4 adoption, the state agency shall transmit copies of the guidelines  
5 to the fiscal committees and the appropriate policy committees of  
6 the Legislature.

7 79709. It is the intent of the people that the investment of public  
8 funds pursuant to this division will result in public benefits.

9 79710. The State Auditor shall annually conduct a  
10 programmatic review and an audit of expenditures from the fund.  
11 The State Auditor shall report its findings annually on or before  
12 March 1 to the Governor and the Legislature, and shall make the  
13 findings available to the public.

14 79711. Funds provided by this division shall not be expended  
15 to support or pay for the costs of environmental mitigation  
16 measures or compliance obligations of any party except as part of  
17 the environmental mitigation costs of projects financed by this  
18 division, or for costs for environmental cleanup pursuant to the  
19 requirements of Chapter 10 (commencing with Section 79770).  
20 Funds provided by this division may be used for environmental  
21 enhancements or other public benefits.

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

27 79713. This division does not limit or otherwise affect the  
28 application of Sections 10505, 10505.5, 11128, 11460, 11461,  
29 11462, and 11463 and Sections 12200 to 12220, inclusive.  
30 However, those sections do not create any right, in areas outside  
31 of the Sacramento River hydrologic region, to water originating  
32 within the Sacramento River hydrologic region as a result of  
33 facilities constructed with the proceeds of bonds issued and sold  
34 pursuant to this division. For purposes of this section, the  
35 Sacramento River hydrologic region does not include any area  
36 within the Delta.

37 79714. Eligible applicants under this division are public  
38 agencies, nonprofit organizations, public utilities, and mutual water  
39 companies. To be eligible for funding under this division, a project  
40 proposed by a public utility that is regulated by the Public Utilities

1 Commission or a mutual water company shall have a clear and  
2 definite public purpose and shall benefit the customers of the water  
3 system.

4 79715. The Legislature may enact legislation necessary to  
5 implement programs funded by this division.

6  
7 CHAPTER 5. SAFE, CLEAN, AND RELIABLE DRINKING WATER  
8 SUPPLY FUND OF 2010  
9

10 79720. The proceeds of bonds issued and sold pursuant to this  
11 division shall be deposited in the Safe, Clean, and Reliable  
12 Drinking Water Supply Fund of 2010, which is hereby created in  
13 the State Treasury.

14  
15 CHAPTER 6. DROUGHT RELIEF AND URGENT ACTIONS  
16

17 79725. The sum of six hundred million dollars (\$600,000,000)  
18 shall be available, upon appropriation by the Legislature from the  
19 fund, for grants and direct expenditures to address immediate water  
20 supply needs.

21 79726. (a) Of the funds provided in Section 79725, the sum  
22 of three hundred million dollars (\$300,000,000) shall be available,  
23 upon appropriation by the Legislature from the fund, to the  
24 department for grants and direct expenditures for the planning,  
25 design, and construction of local and regional drought relief  
26 projects that reduce the impacts of drought conditions, including,  
27 but not limited to, the impacts of reductions in Delta diversions.  
28 Projects shall be consistent with an adopted integrated regional  
29 water management plan. Eligible projects include all of the  
30 following:

- 31 (1) Water conservation and efficiency projects, including
- 32 installation of water efficiency fixtures.
- 33 (2) Water recycling and related infrastructure.
- 34 (3) Groundwater cleanup.
- 35 (4) Local and regional conveyance projects that improve water
- 36 supplies and public benefits associated with conveyance facilities.
- 37 (5) Other local and regional water supply reliability projects.

38 (b) Projects funded pursuant to this section shall meet both of  
39 the following requirements:

1 (1) The project will provide a sustainable water supply that does  
2 not contribute to groundwater overdraft or increase surface water  
3 diversions.

4 (2) The project is capable of being operational within two years  
5 of receiving the grant.

6 (c) Preference shall be given to applicants that can demonstrate  
7 substantial past and current investments in conservation and local  
8 water projects.

9 (d) Not more than 10 percent of the funds provided by this  
10 section shall be available for planning, investigations, studies, and  
11 monitoring.

12 (e) The department shall require a cost share of not less than 50  
13 percent of total project costs from nonstate sources. The department  
14 may waive or reduce the cost share requirement for projects that  
15 directly benefit disadvantaged communities.

16 (f) Of the funds provided in this section, not less than one  
17 hundred million dollars (\$100,000,000) shall be available for grants  
18 to disadvantaged communities experiencing economic impacts  
19 from drought and from disruptions in delivery from the State Water  
20 Project and the federal Central Valley Project.

21 79728. (a) Of the funds provided in Section 79725, one  
22 hundred million dollars (\$100,000,000) shall be available to the  
23 State Department of Public Health for grants and direct  
24 expenditures to finance emergency and urgent actions in  
25 accordance with this section on behalf of disadvantaged  
26 communities to ensure that safe drinking water supplies are  
27 available to all Californians.

28 (b) Of the funds provided in this section, up to eight million  
29 dollars (\$8,000,000) shall be made available to the City of  
30 Maywood for grants to projects that design and implement water  
31 supply infrastructure upgrades that provide for safe drinking water.

32 79729. Of the funds provided in Section 79725, the sum of  
33 two hundred million dollars (\$200,000,000) shall be available for  
34 deposit by the Legislature into the Safe Drinking Water State  
35 Revolving Fund created pursuant to Section 116760.30 of the  
36 Health and Safety Code.

## CHAPTER 7. DELTA SUSTAINABILITY

1  
2  
3 79730. (a) The Bay-Delta Estuary is a unique and irreplaceable  
4 combination of environmental and economic resources. Current  
5 management and use of the Delta is not sustainable, and results in  
6 a high level of conflict among various interests. Future Delta  
7 sustainability is threatened by changing hydrology due to climate  
8 change, water diversions, flood risk, seismic events, nonnative  
9 species, toxics, and other environmental problems. Future  
10 management of the Delta must improve Delta ecosystem health  
11 and improve the means of Delta water conveyance in order to  
12 protect drinking water quality, improve water supply reliability,  
13 restore ecosystem health, and preserve agricultural and recreational  
14 values in the Delta, while providing to counties and watersheds of  
15 origin assurances that their priority to water resources will be  
16 protected and that programs or facilities implemented or  
17 constructed in the Delta will not result in redirection of  
18 unmitigated, significant adverse impacts to the counties and  
19 watershed of origin. Many sources of funding will be needed to  
20 implement improved Delta management.

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

25 79731. The sum of three billion dollars (\$3,000,000,000) shall  
26 be available, upon appropriation from the fund, for grants and  
27 direct expenditures, as follows:

28 (a) (1) One billion dollars (\$1,000,000,000) for projects,  
29 including grants to Delta counties and cities within the Delta, that  
30 provide public benefits and support Delta sustainability options,  
31 including projects and supporting scientific studies and assessments  
32 that do any of the following:

33 (A) Ensure that urban and agricultural water supplies derived  
34 from the Delta, including water supplies used within the Delta, are  
35 not disrupted because of catastrophic failures of Delta levees  
36 resulting from earthquakes, floods, land sinking, rising ocean  
37 levels, or other forces.

38 (B) Assist in preserving economically viable and sustainable  
39 agriculture and other economic activities in the Delta.



1 (C) Improve the quality of drinking water derived from the  
2 Delta.

3 (D) Improve levee and flood control facilities and other vital  
4 infrastructure necessary to protect Delta communities affected by  
5 the implementation of this chapter.

6 (E) Provide physical improvements or other actions to create  
7 water flow and water quality conditions within the Delta to provide  
8 adequate habitat for native fish and wildlife.

9 (F) Facilitate other projects that provide public benefits and  
10 support Delta sustainability options approved by the Legislature,  
11 including costs associated with planning, monitoring, and design  
12 of alternatives, and project modifications and adaptations necessary  
13 to achieve the goals of this chapter.

14 (G) Mitigate other impacts of water conveyance and ecosystem  
15 restoration.

16 (H) Provide or improve water quality facilities and other  
17 infrastructure.

18 (2) Of the funds provided in this subdivision, not less than two  
19 hundred million dollars (\$200,000,000) shall be available for  
20 matching grants for improvements to wastewater treatment  
21 facilities upstream of the Delta to improve Delta water quality and  
22 not less than six million dollars (\$6,000,000) shall be available for  
23 the design, permitting, and construction of wastewater facilities  
24 to promote tourism and sustainable agriculture in the north Delta.

25 (b) Two billion dollars (\$2,000,000,000) for projects to protect  
26 and enhance the sustainability of the Delta ecosystem, including  
27 any of the following:

28 (1) Projects for the development and implementation of the Bay  
29 Delta Conservation Plan, consistent with Chapter 10 (commencing  
30 with Section 2800) of Division 3 of the Fish and Game Code. The  
31 projects shall be implemented through a cooperative effort among  
32 regulatory agencies, regulated and potentially regulated entities,  
33 and affected parties, including state and federal water contractors.  
34 These funds may be expended for the preparation of environmental  
35 documentation and environmental compliance.

36 (2) Other projects to protect and restore native fish and wildlife  
37 dependent on the Delta ecosystem, including the acquisition of  
38 water rights and the removal or reduction of undesirable invasive  
39 species.

1 (3) Projects to reduce greenhouse gas emissions from exposed  
2 Delta soils.

3 (4) Projects that reduce impacts of mercury contamination of  
4 the Delta and its watersheds, and remediation and elimination of  
5 continuing sources of mercury contamination.

6 (5) Scientific studies and assessments that support the projects  
7 authorized under this section.

8 (c) Funds provided by this chapter shall be available for  
9 appropriation to, among other entities, the Sacramento-San Joaquin  
10 Delta Conservancy for implementation consistent with the Delta  
11 Plan.

12  
13 CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL  
14 IMPROVEMENTS  
15

16 79740. (a) Notwithstanding Section 162, the commission may  
17 make the determinations, findings, and recommendations required  
18 of it by this chapter independent of the views of the director. All  
19 final actions by the commission in implementing this chapter shall  
20 be taken by a majority of the members of the commission at a  
21 public meeting noticed and held pursuant to the Bagley-Keene  
22 Open Meeting Act (Article 9 (commencing with Section 11120)  
23 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government  
24 Code).

25 (b) Notwithstanding Section 13340 of the Government Code,  
26 the sum of three billion dollars (\$3,000,000,000) is hereby  
27 continuously appropriated from the fund, without regard to fiscal  
28 years, to the commission for public benefits associated with water  
29 storage projects that improve the operation of the state water  
30 system, are cost effective, and provide a net improvement in  
31 ecosystem and water quality conditions, in accordance with this  
32 chapter. Funds authorized for, or made available to, the commission  
33 pursuant to this chapter shall be available and expended only for  
34 the purposes provided in this chapter, and shall not be subject to  
35 appropriation or transfer by the Legislature or the Governor for  
36 any other purpose.

37 (c) Projects shall be selected by the commission through a  
38 competitive public process that ranks potential projects based on  
39 the expected return for public investment as measured by the

1 magnitude of the public benefits provided, pursuant to criteria  
2 established under this chapter.

3 (d) Any project constructed with funds provided by this chapter  
4 shall be subject to Section 11590.

5 79741. Projects for which the public benefits are eligible for  
6 funding under this chapter consist of only the following:

7 (a) Surface storage projects identified in the CALFED Bay-Delta  
8 Program Record of Decision, dated August 28, 2000, excluding  
9 the expansion of the Shasta Reservoir.

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

13 (c) Conjunctive use and reservoir reoperation projects.

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

16 79742. A project shall not be funded pursuant to this chapter  
17 unless it provides measurable improvements to the Delta ecosystem  
18 or to the tributaries to the Delta, or improves the self-sufficiency  
19 of a region of the state that is dependent upon the Delta for all or  
20 a portion of its water supplies.

21 79743. (a) Funds allocated pursuant to this chapter may be  
22 expended solely for the following public benefits associated with  
23 water storage projects:

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

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

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

37 (4) Emergency response, including, but not limited to, water  
38 supplies and flows for dilution and salinity repulsion following a  
39 natural disaster or act of terrorism.

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

3 (b) For the purposes of this chapter, “public benefits” does not  
4 include the costs of environmental mitigation measures or  
5 compliance obligations.

6 79744. In consultation with the Department of Fish and Game,  
7 the State Water Resources Control Board, and the department, the  
8 commission shall develop and adopt, by regulation, methods for  
9 quantification and management of public benefits described in  
10 Section 79743 by December 15, 2012. The regulations shall include  
11 the priorities and relative environmental value of ecosystem  
12 benefits as provided by the Department of Fish and Game and the  
13 priorities and relative environmental value of water quality benefits  
14 as provided by the State Water Resources Control Board.

15 79745. (a) Except as provided in subdivision (c), no funds  
16 allocated pursuant to this chapter may be allocated for a project  
17 before December 15, 2012, and until the commission approves the  
18 project based on the commission’s determination that all of the  
19 following have occurred:

20 (1) The commission has adopted the regulations specified in  
21 Section 79744 and specifically quantified and made public the cost  
22 of the public benefits associated with the project.

23 (2) The department has entered into a contract with each party  
24 that will derive benefits, other than public benefits, as defined in  
25 Section 79743, from the project that ensures the party will pay its  
26 share of the total costs of the project. The benefits available to a  
27 party shall be consistent with that party’s share of total project  
28 costs.

29 (3) The department has entered into a contract with each public  
30 agency identified in Section 79744 that administers the public  
31 benefits, after that agency makes a finding that the public benefits  
32 of the project for which that agency is responsible meet all the  
33 requirements of this chapter, to ensure that the public contribution  
34 of funds pursuant to this chapter achieves the public benefits  
35 identified for the project.

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

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

1 (A) Feasibility studies have been completed.

2 (B) The director has found and determined that the project is  
3 feasible, is consistent with all applicable laws and regulations, and  
4 will advance the long-term objectives of restoring ecological health  
5 and improving water management for beneficial uses of the Delta.

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

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

13 (c) Notwithstanding subdivision (a), funds may be made  
14 available under this chapter for the completion of environmental  
15 documentation, permitting, and feasibility studies of a project.

16 79746. (a) The public benefit cost share of a project funded  
17 pursuant to this chapter, other than a project described in  
18 subdivision (c) of Section 79741, may not exceed 50 percent of  
19 the total costs of any project funded under this chapter.

20 (b) No project may be funded unless it provides ecosystem  
21 improvements as described in paragraph (1) of subdivision (a) of  
22 Section 79743 that are at least 50 percent of total public benefits  
23 of the project funded under this chapter.

24 79747. (a) A project identified in subdivision (a) of Section  
25 79741 is not eligible for funding under this chapter unless, by  
26 January 1, 2018, all of the following conditions are met:

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

29 (2) The director makes a finding that the project is feasible, and  
30 will advance the long-term objectives of restoring ecological health  
31 and improving water management for beneficial uses of the Delta.

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

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

1 79748. Surface storage projects funded pursuant to this chapter  
 2 and described in subdivision (a) of Section 79741 may be made a  
 3 unit of the Central Valley Project as provided in Section 11290  
 4 and may be financed, acquired, constructed, operated, and  
 5 maintained pursuant to Part 3 (commencing with Section 11100)  
 6 of Division 6.

7  
 8 CHAPTER 9. STATEWIDE WATERSHED AND WATER QUALITY  
 9 PROTECTIONS

10  
 11 79760. The sum of one billion five hundred million dollars  
 12 (\$1,500,000,000) shall be available, upon appropriation by the  
 13 Legislature from the fund, in accordance with this chapter, for  
 14 expenditures and grants for ecosystem and watershed protection  
 15 and restoration projects, including, but not limited to, all of the  
 16 following watersheds:

- 17 (a) The San Joaquin River watershed.
- 18 (b) The Kern River and Tulare Basin watersheds.
- 19 (c) The Salton Sea and Colorado River watersheds.
- 20 (d) The Los Angeles River watershed.
- 21 (e) The San Gabriel River watershed.
- 22 (f) The Santa Ana River watershed.
- 23 (g) The Klamath River watershed, including the Trinity, Scott,  
 24 and Shasta Rivers and watersheds.
- 25 (h) The North Coast watersheds.
- 26 (i) The San Francisco Bay watersheds.
- 27 (j) The Central Coast watersheds.
- 28 (k) The South Coast watersheds.
- 29 (l) The Lake Tahoe Basin watershed.
- 30 (m) The Sacramento River watershed, including the Yolo  
 31 Bypass.
- 32 (n) The San Diego County coastal watersheds.
- 33 (o) The Ventura River watershed.
- 34 (p) The Sierra Nevada Mountain watersheds.
- 35 (q) The Mojave River watershed.
- 36 (r) The Owens River watershed.
- 37 (s) The Santa Monica Bay watershed.
- 38 (t) The watersheds of Marin County.
- 39 (u) The watersheds of Orange County.

1 79761. Funds provided under this chapter may be appropriated  
2 to the Natural Resources Agency, the Department of Fish and  
3 Game, the Wildlife Conservation Board, the California  
4 Conservation Corps, the Department of Conservation, the  
5 Department of Parks and Recreation, the Department of Forestry  
6 and Fire Protection, or to state conservancies for expenditures and  
7 grants consistent with this chapter and other applicable laws.

8 79762. (a) Funds provided for the Sacramento River and San  
9 Joaquin River watersheds pursuant to Section 79760 shall be  
10 available for projects consistent with the ecosystem restoration  
11 program element of the California Bay-Delta Program, or its  
12 successor, or the San Joaquin River Parkway Master Plan.

13 (b) Funds provided for Salton Sea watershed projects pursuant  
14 to Section 79760 shall be available for Salton Sea restoration  
15 activities identified for “Period I” in the Natural Resources Agency  
16 report entitled “Salton Sea Ecosystem Restoration Program  
17 Preferred Alternative Report and Funding Plan,” dated May 2007.

18 (c) Funds provided for the Lake Tahoe Basin watershed pursuant  
19 to Section 79760 shall be available for projects consistent with the  
20 Lake Tahoe Environmental Improvement Program.

21 (d) Funds provided for the Los Angeles River and San Gabriel  
22 River watersheds pursuant to Section 79760 shall be available  
23 pursuant to Section 79508, and for projects identified in the Los  
24 Angeles River Revitalization Master Plan.

25 79763. For restoration and ecosystem protection projects under  
26 this chapter, the services of the California Conservation Corps or  
27 community conservation corps shall be used whenever feasible.

28 79764. Of the funds provided in Section 79760, not less than  
29 two hundred fifty million dollars (\$250,000,000) shall be available  
30 to the State Coastal Conservancy for projects within coastal  
31 counties and coastal watersheds. Of this amount, not less than  
32 twenty million dollars (\$20,000,000) shall be available for grants  
33 in San Diego County, including grants to the San Diego River  
34 Conservancy, not less than forty million dollars (\$40,000,000)  
35 shall be available for the Santa Ana River Parkway, not less than  
36 twenty million dollars (\$20,000,000) shall be available for grants  
37 for protection and restoration of the Bolsa Chica wetlands and  
38 adjacent uplands and for associated visitor and interpretive natural  
39 history or archeological facilities, and not less than seventy-five  
40 million dollars (\$75,000,000) shall be available for projects

1 consistent with the San Francisco Bay Area program of the State  
2 Coastal Conservancy.

3 79765. Of the funds provided in Section 79760, not less than  
4 one hundred million dollars (\$100,000,000) shall be available to  
5 the Wildlife Conservation Board for direct expenditures or grants  
6 for the acquisition of water rights from willing sellers and the  
7 conveyance of water for the benefit of migratory birds on wildlife  
8 refuges and wildlife habitat areas subject to Section 3406(d) of the  
9 federal Central Valley Project Improvement Act (Public Law  
10 102-575), if the acquisition of water rights by the Wildlife  
11 Conservation Board is consistent with that federal act. All costs  
12 associated with the acquisition of water rights by the Wildlife  
13 Conservation Board for the purposes set forth in this section shall  
14 be paid for out of the funds designated for the Wildlife  
15 Conservation Board.

16 79766. (a) Of the funds provided in Section 79760, not less  
17 than two hundred fifty million dollars (\$250,000,000) shall be  
18 available to the Wildlife Conservation Board for direct expenditures  
19 or grants for the protection or restoration of watershed lands or  
20 rivers and streams that support species listed as threatened or  
21 endangered under state or federal law, consistent with the  
22 requirements of programs identified in Division 2 (commencing  
23 with Section 700) of the Fish and Game Code, and requirements  
24 to implement or develop a natural community conservation plan  
25 pursuant to Chapter 10 (commencing with Section 2800) of  
26 Division 3 of the Fish and Game Code.

27 (b) Of the funds provided in this section, not less than fifty  
28 million dollars (\$50,000,000) shall be available for watershed  
29 protection projects within Los Angeles and Ventura Counties  
30 identified by the South Coast Wildlands Project. Priority shall be  
31 given to projects from willing sellers offering their property at fair  
32 market value to public entities consistent with paragraph (1) of  
33 subdivision (d) of Section 7267.2 of the Government Code. In  
34 order to ensure programmatic consistency with ongoing state  
35 conservancy programs, any project financed pursuant to this  
36 subdivision within the jurisdiction of the San Gabriel and Lower  
37 Los Angeles Rivers and Mountains Conservancy, any project  
38 within the jurisdiction of the Baldwin Hills Conservancy, and any  
39 project within the jurisdiction of the Santa Monica Mountains  
40 Conservancy, shall be upon application of, and by grant to, the



1 respective conservancy. The conservancy may apply on behalf of  
2 a local agency, and in that case the Wildlife Conservation Board  
3 may make the grant award directly to that local agency.

4 (c) Of the funds provided in this section, the sum of twenty-five  
5 million dollars (\$25,000,000) shall be available to the San Joaquin  
6 River Conservancy for river parkway projects.

7 79767. Of the funds provided in Section 79760, the sum of  
8 five hundred eighty-five million dollars (\$585,000,000) shall be  
9 available, upon appropriation by the Legislature, as follows:

10 (a) One hundred million dollars (\$100,000,000) to the San  
11 Gabriel and Lower Los Angeles Rivers and Mountains  
12 Conservancy for the purposes described in subdivision (d) of  
13 Section 79762.

14 (b) One hundred million dollars (\$100,000,000) to the Santa  
15 Monica Mountains Conservancy for implementation of watershed  
16 protection activities throughout the watershed of the upper Los  
17 Angeles River.

18 (c) Twenty-five million dollars (\$25,000,000) to the Baldwin  
19 Hills Conservancy.

20 (d) Twenty-five million dollars (\$25,000,000) for Santa Monica  
21 Bay watershed projects pursuant to Division 23 (commencing with  
22 Section 33000) of the Public Resources Code.

23 (e) Fifty million dollars (\$50,000,000) to the State Coastal  
24 Conservancy for coastal salmonid restoration projects.

25 (f) Seventy-five million dollars (\$75,000,000) to the Lake Tahoe  
26 Conservancy for the Lake Tahoe Environmental Improvement  
27 Program as described in subdivision (c) of Section 79762.

28 (g) Twenty million dollars (\$20,000,000) shall be available to  
29 the Department of Conservation for the California Farmland  
30 Conservancy Program Act (Division 10.2 (commencing with  
31 Section 10200) of the Public Resources Code). Up to five million  
32 dollars (\$5,000,000) may be used for the Department of  
33 Conservation Watershed Coordinator Grant Program.

34 (h) Fifty million dollars (\$50,000,000) shall be available to the  
35 secretary for projects in accordance with the California River  
36 Parkways Act of 2004 (Chapter 3.8 (commencing with Section  
37 5750) of Division 5 of the Public Resources Code). Up to twenty  
38 million dollars (\$20,000,000) may be transferred to the department  
39 for the Urban Streams Restoration Program pursuant to Section  
40 7048 of the Water Code.

1 (i) Fifty million dollars (\$50,000,000) shall be available for the  
2 Sierra Nevada Conservancy.

3 (j) Fifty million dollars (\$50,000,000) shall be available for  
4 Salton Sea restoration pursuant to subdivision (b) of Section 79762.

5 (k) Ten million dollars (\$10,000,000) shall be available to the  
6 Natural Resources Agency for planning for natural resources and  
7 watershed protections to address climate change impacts and  
8 adaptation.

9 (l) Twenty million dollars (\$20,000,000) shall be available for  
10 capital improvements to watershed education centers that serve  
11 an urban area with a population of over one million.

12 (m) Ten million dollars (\$10,000,000) shall be deposited in the  
13 California Waterfowl Habitat Preservation Account for the  
14 purposes of implementing the California Waterfowl Habitat  
15 Program described in Article 7 (commencing with Section 3460)  
16 of Chapter 2 of Part 1 of Division 4 of the Fish and Game Code,  
17 the California Landowner Incentive Program, and the Permanent  
18 Wetland Easement Program.

19 79768. Of the funds provided in Section 79760, not more than  
20 two hundred fifty million dollars (\$250,000,000) shall be available  
21 for dam removal and related measures in the Klamath River  
22 watershed if the secretary finds that all of the following conditions  
23 have been met:

24 (a) The State of California, the State of Oregon, the United  
25 States, and PacifiCorp have executed a dam removal agreement.

26 (b) The State of California, the State of Oregon, and the United  
27 States have made the determinations required under the agreement  
28 to effect dam removal.

29 (c) Ratepayer funds required by the agreement have been  
30 authorized and will be timely provided.

31 (d) All other conditions required in the agreement have been  
32 met.

33 79769. Of the funds provided in Section 79760, the sum of  
34 seventy-five million dollars (\$75,000,000) is available, upon  
35 appropriation by the Legislature from the fund, to the State Coastal  
36 Conservancy for projects that meet the requirements of the  
37 California Ocean Protection Act (Division 26.5 (commencing with  
38 Section 35500) of the Public Resources Code).

1 79769.5. For the purposes of this chapter, the terms  
2 “restoration” and “protection” have the meanings set forth in  
3 Section 75005 of the Public Resources Code.

4  
5 CHAPTER 10. GROUNDWATER CLEANUP AND RECYCLED WATER  
6

7 79770. The sum of one billion forty million dollars  
8 (\$1,040,000,000) shall be available, upon appropriation by the  
9 Legislature from the fund, for grants and direct expenditures for  
10 projects to promote the development of local and regional water  
11 recycling and advanced water treatment technologies and the  
12 sustainable management of groundwater resources.

13 79772. (a) Of the funds provided in Section 79770, the sum  
14 of nine hundred million dollars (\$900,000,000) shall be available,  
15 upon appropriation by the Legislature from the fund, for  
16 expenditures, grants, and loans for projects to prevent or reduce  
17 the contamination of groundwater that serves as a source of  
18 drinking water. Projects shall be consistent with an adopted  
19 integrated regional water management plan. Funds appropriated  
20 pursuant to this section shall be available to the State Department  
21 of Public Health for projects necessary to protect public health by  
22 preventing or reducing the contamination of groundwater that  
23 serves as a major source of drinking water for a community.

24 (b) Projects shall be prioritized based upon the following criteria:

25 (1) The threat posed by groundwater contamination to the  
26 affected community’s overall drinking water supplies, including  
27 the need for treatment of alternative supplies if groundwater is not  
28 available due to contamination.

29 (2) The potential for groundwater contamination to spread and  
30 reduce drinking water supply and water storage for nearby  
31 population areas.

32 (3) The potential of the project, if fully implemented, to enhance  
33 local water supply reliability.

34 (4) The potential of the project to increase opportunities for  
35 groundwater recharge and optimization of groundwater supplies.

36 (c) The State Department of Public Health shall give additional  
37 consideration to projects that meet any of the following criteria:

38 (1) The project is implemented pursuant to a comprehensive  
39 basin-wide groundwater quality management and remediation plan  
40 or is necessary to develop a comprehensive groundwater plan.

1 (2) Affected groundwater provides a local supply that, if  
2 contaminated and not remediated, will require import of additional  
3 water from outside the region.

4 (3) The project will serve an economically disadvantaged  
5 community.

6 (4) The project addresses contamination at a site where the  
7 responsible parties have not been identified, or where the  
8 responsible parties are unwilling or unable to pay for cleanup.

9 (d) Of the amount made available by this section, up to one  
10 hundred million dollars (\$100,000,000) shall be available for  
11 projects that meet the requirements of this section and both of the  
12 following criteria:

13 (1) The project is part of a basinwide management and  
14 remediation plan for which federal funds have been allocated.

15 (2) The project addresses contamination at a site on the list  
16 maintained by the Department of Toxic Substances Control  
17 pursuant to Section 25356 of the Health and Safety Code or a site  
18 listed on the National Priorities List pursuant to the Comprehensive  
19 Environmental Response, Compensation, and Liability Act of 1980  
20 (42 U.S.C. Sec. 9601 et seq.).

21 (e) The Legislature, by statute, shall establish both of the  
22 following:

23 (1) Requirements for repayment of grant funds in the event of  
24 cost recovery from parties responsible for the groundwater  
25 contamination.

26 (2) Requirements for recipients of grants to make reasonable  
27 efforts to recover costs from parties responsible for groundwater  
28 contamination.

29 79773. Of the funds provided in Section 79770, the sum of one  
30 hundred million dollars (\$100,000,000) is available, upon  
31 appropriation by the Legislature from the fund, to the State Water  
32 Resources Control Board for grants for small community  
33 wastewater treatment projects to protect water quality that meet  
34 all of the following criteria:

35 (a) The project is for the planning, design, permitting,  
36 construction, or improvement of a wastewater treatment facility,  
37 sewer system, or related infrastructure necessary to meet water  
38 quality standards or prevent contamination of surface water or  
39 groundwater resources.

1 (b) The project will serve a community with a population of  
2 20,000 or less.

3 (c) The project meets other standards that may be established  
4 by the State Water Resources Control Board with respect to the  
5 design, construction, financing, and operation of the project.

6 79774. Of the funds provided in Section 79770, the sum of  
7 forty million dollars (\$40,000,000) shall be available for water  
8 quality and public health projects on the New River.

9

10 CHAPTER 11. WATER RECYCLING

11

12 79775. (a) The sum of two hundred fifty million dollars  
13 (\$250,000,000) shall be available, upon appropriation by the  
14 Legislature from the fund, for grants and loans for water recycling  
15 and advanced treatment technology projects that include the  
16 following:

17 (1) Water recycling projects.

18 (2) Contaminant and salt removal projects, including  
19 groundwater and seawater desalination.

20 (3) Dedicated distribution infrastructure for recycled water,  
21 including commercial and industrial end-user retrofit projects to  
22 allow use of recycled water.

23 (4) Pilot projects for new salt and contaminant removal  
24 technology.

25 (5) Groundwater recharge infrastructure related to recycled  
26 water.

27 (6) Technical assistance and grant writing assistance for  
28 disadvantaged communities.

29 (b) For projects funded pursuant to this section, at least a 50  
30 percent local cost share shall be required, but may be suspended  
31 or reduced for disadvantaged communities. Projects shall be  
32 selected on a competitive basis, considering all of the following  
33 criteria:

34 (1) Water supply reliability improvement.

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

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

38 (4) Cost-effectiveness.

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

## CHAPTER 12. FISCAL PROVISIONS

1  
2  
3 79810. (a) Bonds in the total amount of nine billion three  
4 hundred ninety million dollars (\$9,390,000,000), not including the  
5 amount of any refunding bonds issued in accordance with Section  
6 79822, or so much thereof as is necessary, may be issued and sold  
7 to provide a fund to be used for carrying out the purposes expressed  
8 in this division and to reimburse the General Obligation Bond  
9 Expense Revolving Fund pursuant to Section 16724.5 of the  
10 Government Code. The bonds, when sold, shall be and constitute  
11 valid and binding obligations of the State of California, and the  
12 full faith and credit of the State of California is hereby pledged  
13 for the punctual payment of both the principal of, and interest on,  
14 the bonds as the principal and interest become due and payable.

15 (b) The Treasurer shall sell the bonds authorized by the  
16 committee pursuant to this section. The bonds shall be sold upon  
17 the terms and conditions specified in a resolution to be adopted  
18 by the committee pursuant to Section 16731 of the Government  
19 Code.

20 79811. The bonds authorized by this division shall be prepared,  
21 executed, issued, sold, paid, and redeemed as provided in the State  
22 General Obligation Bond Law, and all of the provisions of that  
23 law apply to the bonds and to this division and are hereby  
24 incorporated in this division as though set forth in full in this  
25 division, except Section 16727 of the Government Code shall not  
26 apply to the extent that it is inconsistent with any other provision  
27 of this division.

28 79812. (a) Solely for the purpose of authorizing the issuance  
29 and sale, pursuant to the State General Obligation Bond Law, of  
30 the bonds authorized by this division, the Safe, Clean, and Reliable  
31 Drinking Water Finance Committee is hereby created. For purposes  
32 of this division, the Safe, Clean, and Reliable Drinking Water  
33 Finance Committee is “the committee” as that term is used in the  
34 State General Obligation Bond Law.

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

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

2 (d) A majority of the members of the committee shall constitute  
3 a quorum of the committee, and may act for the committee.

4 79813. The committee shall determine whether or not it is  
5 necessary or desirable to issue bonds authorized pursuant to this  
6 division to carry out the actions specified in this division and, if  
7 so, the amount of bonds to be issued and sold. Successive issues  
8 of bonds may be authorized and sold to carry out those actions  
9 progressively, and it is not necessary that all of the bonds  
10 authorized to be issued be sold at any one time.

11 79814. “Board,” as defined in Section 16722 of the Government  
12 Code for the purposes of compliance with the State General  
13 Obligation Bond Law, means the department.

14 79815. There shall be collected each year and in the same  
15 manner and at the same time as other state revenue is collected,  
16 in addition to the ordinary revenues of the state, a sum in an amount  
17 required to pay the principal of, and interest on, the bonds each  
18 year, and it is the duty of all officers charged by law with any duty  
19 in regard to the collection of the revenue to do and perform each  
20 and every act which is necessary to collect that additional sum.

21 79816. Notwithstanding Section 13340 of the Government  
22 Code, there is hereby appropriated from the General Fund in the  
23 State Treasury, for the purposes of this division, an amount that  
24 will equal the total of the following:

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

28 (b) The sum that is necessary to carry out the provisions of  
29 Section 79819, appropriated without regard to fiscal years.

30 79817. The board may request the Pooled Money Investment  
31 Board to make a loan from the Pooled Money Investment Account  
32 in accordance with Section 16312 of the Government Code for the  
33 purpose of carrying out this division. The amount of the request  
34 shall not exceed the amount of the unsold bonds that the committee  
35 has, by resolution, authorized to be sold for the purpose of carrying  
36 out this division. The board shall execute those documents required  
37 by the Pooled Money Investment Board to obtain and repay the  
38 loan. Any amounts loaned shall be deposited in the fund to be  
39 allocated in accordance with this division.

1 79818. Notwithstanding any other provision of this division,  
2 or of the State General Obligation Bond Law, if the Treasurer sells  
3 bonds that include a bond counsel opinion to the effect that the  
4 interest on the bonds is excluded from gross income for federal  
5 tax purposes under designated conditions, the Treasurer may  
6 maintain separate accounts for the bond proceeds invested and for  
7 the investment earnings on those proceeds, and may use or direct  
8 the use of those proceeds or earnings to pay any rebate, penalty,  
9 or other payment required under federal law or take any other  
10 action with respect to the investment and use of those bond  
11 proceeds, as may be required or desirable under federal law in  
12 order to maintain the tax-exempt status of those bonds and to obtain  
13 any other advantage under federal law on behalf of the funds of  
14 this state.

15 79819. For the purposes of carrying out this division, the  
16 Director of Finance may authorize the withdrawal from the General  
17 Fund of an amount or amounts not to exceed the amount of the  
18 unsold bonds that have been authorized by the committee to be  
19 sold for the purpose of carrying out this division. Any amounts  
20 withdrawn shall be deposited in the fund. Any money made  
21 available under this section shall be returned to the General Fund,  
22 with interest at the rate earned by the money in the Pooled Money  
23 Investment Account, from proceeds received from the sale of bonds  
24 for the purpose of carrying out this division.

25 79820. All money deposited in the fund that is derived from  
26 premiums and accrued interest on bonds sold pursuant to this  
27 division shall be reserved in the fund and shall be available for  
28 transfer to the General Fund as a credit to expenditures for bond  
29 interest.

30 79821. Pursuant to Chapter 4 (commencing with Section  
31 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
32 the cost of bond issuance shall be paid out of the bond proceeds.  
33 These costs shall be shared proportionately by each program funded  
34 through this division.

35 79822. The bonds issued and sold pursuant to this division  
36 may be refunded in accordance with Article 6 (commencing with  
37 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
38 the Government Code, which is a part of the State General  
39 Obligation Bond Law. Approval by the electors of the state for the  
40 issuance of the bonds under this division shall include approval



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

3 79823. The proceeds from the sale of bonds authorized by this  
4 division are not “proceeds of taxes” as that term is used in Article  
5 XIII B of the California Constitution, and the disbursement of  
6 these proceeds is not subject to the limitations imposed by that  
7 article.

8 79824. Until January 1, 2015, the Treasurer shall only sell  
9 bonds in an amount that does not exceed fifty percent of the total  
10 funds made available by this division.

11 SEC. 2. Section 1 of this act shall be submitted to the voters  
12 at the November 2, 2010, statewide general election in accordance  
13 with provisions of the Government Code and the Elections Code  
14 governing the submission of a statewide measure to the voters.  
15 Section 1 of this act shall take effect only upon the approval by  
16 the voters of the Safe, Clean, and Reliable Drinking Water Supply  
17 Act of 2010, as set forth in that section.

18 SEC. 3. The sum of two hundred million dollars (\$200,000,000)  
19 is hereby appropriated from the funds made available by Section  
20 5096.821 of the Public Resources Code to the Department of Water  
21 Resources for flood protection projects in the Delta. The  
22 department shall expedite the evaluation of nonurban levees on  
23 the west bank of the Sacramento River including those for  
24 Clarksburg and Knights Landing and consider a joint project with  
25 local government agencies for improving the Yolo Bypass as a  
26 multibenefit flood control facility, including support of multibenefit  
27 flood control alternatives for tributaries to the Yolo Bypass.

28 SEC. 4. This act shall take effect only if \_\_\_\_ of the 2009–10  
29 Seventh Extraordinary Session of the Legislature is enacted and  
30 becomes operative.

31 This act is an urgency statute necessary for the immediate  
32 preservation of the public peace, health, or safety within the  
33 meaning of Article IV of the Constitution and shall go into  
34 immediate effect. The facts constituting the necessity are:

35 In order to finance a safe, clean, and reliable water supply at the  
36 earliest possible date, it is necessary for this act to take effect  
37 immediately.

O