

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2011**

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**Introduced by Assembly Member Gatto**

February 23, 2012

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An act to add Section 79784.5 to the Water Code, relating to the Safe, Clean, and Reliable Drinking Water Supply Act of 2012.

LEGISLATIVE COUNSEL'S DIGEST

AB 2011, as amended, Gatto. ~~CalConserve State Revolving Fund.~~  
*Water Conservation Retrofit Program.*

Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters at the November 6, 2012, statewide election, 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. The act would make \$250,000,000 available, upon appropriation by the Legislature from the Safe, Clean, and Reliable Drinking Water Supply Fund of 2012, for direct expenditures, grants, and loans for water conservation and water use efficiency plans, projects, and programs.

The bill would require up to \$50,000,000 of those water conservation and water use efficiency funds, upon appropriation by the Legislature from the fund, to be allocated to the Department of Water Resources to establish ~~a~~ *the CalConserve State Revolving Fund Water Conservation Retrofit Program* to provide grants ~~and loans to private entities~~ *to local water agencies for the implementation of local and regional water conservation loan programs, as prescribed, to assist*

customers within the service area of the water agency, consistent with the act, ~~for~~ to carry out water use efficiency retrofit projects.

*This bill would become operative only if the Safe, Clean and Reliable Drinking Water Supply Act of 2012 is approved by the voters at a statewide general election.*

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. It is the intent of the Legislature, in requiring the  
2 establishment of the CalConserve program, to create a sustainable  
3 funding source for water use efficiency retrofits. It is the further  
4 intent of the Legislature that CalConserve help cities and counties  
5 achieve compliance with water use reduction mandates in Section  
6 10608.16 of the Water Code, and help homeowners and  
7 commercial, industrial, and institutional entities achieve compliance  
8 with state-mandated standards for water use efficiency for indoor  
9 and outdoor appliances.

10 SEC. 2. Section 79784.5 is added to the Water Code, to read:

11 79784.5. Of the funds made available in Section \_\_\_\_ for water  
12 conservation and water use efficiency plans, projects, and  
13 programs, upon appropriation by the Legislature from the fund,  
14 up to fifty million dollars (\$50,000,000) shall be allocated to the  
15 department to establish the CalConserve ~~State Revolving Fund to~~  
16 ~~provide grants and loans to private entities, including homeowners~~  
17 ~~and commercial, industrial, and institutional entities, as defined~~  
18 ~~in Section 10608.12, for Water Conservation Retrofit Program.~~  
19 *The water conservation retrofit program shall provide grants to*  
20 *local water agencies for the implementation of local and regional*  
21 *water conservation loan programs that assist customers within*  
22 *the service area of the water agency to carry out water use*  
23 *efficiency retrofit projects, consistent with Section \_\_\_\_, and in*  
24 *accordance with the following:*

25 (a) ~~The department shall give priority to awarding CalConserve~~  
26 ~~funds to retrofit projects that determine the extent to which~~  
27 ~~available funding shall be distributed geographically to maximize~~  
28 ~~local and statewide conservation and water use efficiency benefits.~~

29 (b) ~~The department shall award CalConserve funds in a~~  
30 ~~competitive process that considers, as primary factors, the local~~

1 and statewide conservation and water use efficiency benefits of  
2 the projects proposed for grants or loans and the extent to which  
3 a proposed retrofit helps a water supplier and the region realize  
4 the conservation benefits of implementation of the state landscape  
5 model ordinance and other statewide water use efficiency measures.

6 (e) ~~For awards under five hundred dollars (\$500), the department  
7 shall award the money directly to the recipient private entity. The  
8 department may arrange with local water agencies for loan  
9 repayment through monthly charges on the recipient's water service  
10 bill. For loans of five hundred dollars (\$500) or more, CalConserve  
11 shall offer very low interest amortized loans and loan guarantees,  
12 which the department may model after the loan process for the  
13 Safe Drinking Water State Revolving Fund Law of 1997 (Chapter  
14 4.5 (commencing with Section 116760) of Part 12 of Division 104  
15 of the Health and Safety Code). All loans shall be repaid within  
16 six years of award.~~

17 (b) *As a condition of the grant to the local water agency, the  
18 department shall require the following:*

19 (1) *A local agency receiving CalConserve funds shall provide  
20 not less than a 30 percent match of its funds to support the water  
21 conservation retrofit program.*

22 (2) *A local water conservation retrofit program shall maximize  
23 the local and statewide conservation and water use efficiency  
24 benefits.*

25 (3) *An eligible retrofit project shall include, but is not limited  
26 to, a project that implements a project in compliance with the state  
27 landscape model ordinance.*

28 (4) *Loans for project design and construction shall be repaid  
29 over a term not longer than the useful life of the project constructed  
30 or 15 years, whichever is shorter.*

31 (c) *The department shall annually establish the interest rate for  
32 loans made pursuant to this chapter at 50 percent of the average  
33 interest rate, computed by the true interest cost method paid by  
34 the state on general obligation bonds issued in the prior calendar  
35 year.*

36 (d) *The local water agency may charge a reasonable  
37 administration fee to be paid along with the interest on the loan  
38 over the lifetime of the loan.*

1     *SEC. 3. This act shall become operative only if the Safe, Clean,*  
2     *and Reliable Drinking Water Supply Act of 2012 is approved by*  
3     *the voters at a statewide general election.*

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