

## **Assembly Bill No. 118**

### CHAPTER 631

An act to amend Sections 116761.20 and 116761.23 of the Health and Safety Code, relating to drinking water.

[Approved by Governor October 8, 2013. Filed with  
Secretary of State October 8, 2013.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 118, Committee on Environmental Safety and Toxic Materials. Safe Drinking Water State Revolving Fund.

Existing law, the California Safe Drinking Water Act, requires the State Department of Public Health to administer provisions relating to the regulation of drinking water to protect public health. The department's duties include, but are not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act, adopting and enforcing regulations, and conducting studies and investigations to assess the quality of water in domestic water supplies.

Existing law establishes the Safe Drinking Water State Revolving Fund, which is continuously appropriated to the department for grants and revolving fund loans for the design and construction of projects for public water systems that will enable suppliers to meet safe drinking water standards. Under existing law, a grant is authorized only to the extent the department finds the public agency or not-for-profit water company is unable to repay the full costs of a loan.

This bill would limit loans and grants from the fund for planning and preliminary engineering studies, project design, and construction costs to those incurred by community and not-for-profit noncommunity public water systems and would specify that a small community water system or nontransient noncommunity water system that is owned by a public agency or a private not-for-profit water company and is serving a severely disadvantaged community, is deemed to have no ability to repay a loan.

Under existing law, the maximum amount of a construction grant award to a public water system for a single project is \$3 million or, for a public water system that serves a disadvantaged community, \$10 million, as specified.

This bill would authorize an applicant, subject to specified conditions, to receive up to the full cost of a project in the form of a loan.

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

SECTION 1. Section 116761.20 of the Health and Safety Code is amended to read:

116761.20. (a) Planning and preliminary engineering studies, project design, and construction costs incurred by community and not-for-profit noncommunity public water systems may be funded under this chapter by loans, and, if these systems are owned by public agencies or private not-for-profit water companies, by grants or a combination of grants and loans.

(b) (1) The department shall determine what portion of the full costs the public agency or private not-for-profit water company is capable of repaying and authorize funding in the form of a loan for that amount. The department shall authorize a grant only to the extent the department finds the public agency or not-for-profit water company is unable to repay the full costs of a loan.

(2) Notwithstanding any other provision of this chapter, a small community water system or nontransient noncommunity water system that is owned by a public agency or a private not-for-profit water company and serving a severely disadvantaged community, is deemed to have no ability to repay a loan.

(c) At the request of the department, the Public Utilities Commission shall submit comments concerning the ability of suppliers, subject to its jurisdiction, to finance the project from other sources and to repay the loan.

SEC. 2. Section 116761.23 of the Health and Safety Code is amended to read:

116761.23. (a) The maximum amount of a planning grant permitted under this chapter for each participating public water system's share of the costs of the planning, engineering studies, environmental documentation, and design of a single project shall be no more than five hundred thousand dollars (\$500,000).

(b) Unless the department approves an increase pursuant to this subdivision, the maximum amount of a construction grant award authorized under this chapter to each participating public water system for its share of the cost of the construction of a single project shall be no more than three million dollars (\$3,000,000). The department may approve an increase in the maximum amount for a construction grant award authorized under this chapter so that the maximum amount of the construction grant award does not exceed ten million dollars (\$10,000,000) only if the department makes all of the following findings:

(1) A public water system that serves a disadvantaged community has a defined project need that exceeds the maximum grant amount of three million dollars (\$3,000,000).

(2) The defined project has been bypassed in at least one funding cycle due to a lack of funds.

(3) The defined project is eligible for funding pursuant to the program regulations.

(4) The defined project represents the highest public health risk among unfunded projects, as determined by the department according to its standard criteria.

(c) Total funding under this article for planning, engineering studies, environmental documentation, project design, and construction costs of a single project, whether in the form of a loan or a grant, or both, shall be determined by an assessment of affordability using criteria established by the department.

(d) Subject to all other limitations of this chapter, a small community water system or nontransient noncommunity water system, owned by a public agency or private not-for-profit water company, serving severely disadvantaged communities shall be eligible to receive up to 100 percent of eligible project costs in the form of a grant, to the extent the system cannot afford a loan as determined by the department pursuant to Section 116761.20.

(e) Subject to the availability of funds and the applicant's ability to repay, an applicant may receive up to the full cost of the project in the form of a loan bearing interest at the rate established pursuant to subdivision (a) of Section 116761.65.