ASSEMBLY BILL No. 1331

Introduced by Assembly Member Rendon
(Principal coauthors: Assembly Members Alejo and Quirk-Silva)
(Coauthors: Assembly Members Bloom, Ian Calderon, Chau, Daly, Fong, Hall, Holden, Mullin, Muratsuchi, V. Manuel Pérez, Quirk, Rodriguez, Stone, Williams, and Yamada)
(Coauthor: Senator Lara)

February 22, 2013

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


(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 $8,200,000,000 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.


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

1 SECTION 1. Division 26.7 (commencing with Section 79700) of the Water Code, as added by Section 1 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, is repealed.

SEC. 2. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:
DIVISION 26.7. CLEAN, SAFE, AND RELIABLE
DRINKING WATER ACT OF 2014.

CHAPTER 1. SHORT TITLE

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

CHAPTER 2. FINDINGS

79701. The people of California find and declare all of the following:
(a) Safeguarding supplies of clean and safe drinking water to California’s homes, businesses, and farms is an essential responsibility of government, and critical to protecting the quality of life for Californians.
(b) Every Californian should have access to clean, safe, and reliable drinking water, consistent with the human right to water and Section 106.3. Providing adequate supplies of clean, safe, and reliable drinking water is vital to keeping California’s economy growing and strong.
(c) Climate change has impaired California’s capacity to ensure clean, safe, and reliable drinking water, as droughts have become more frequent and more severe, and ecosystems have become stressed. Higher temperatures mean less snow pack, which is the state’s largest water reservoir. Scientists project a loss of at least 25 percent of the snow pack in the Sierra Nevada Mountains by 2050. The Colorado River basin, which provides drinking water to southern California, has experienced prolonged drought.
(d) California’s water infrastructure continues to age and deteriorate. More than 50 years ago, Californians approved the construction of the State Water Project. In the decades that followed, California’s water leaders developed the most sophisticated system of state, federal, regional, and local water infrastructure anywhere in the world. In recent decades, however, that water infrastructure and the water environment on which it depends have deteriorated.
(e) In the years since the voters approved the State Water Project, California’s population has continued to grow, from less
than 16 million in 1960 to more than 37 million in 2010. A growing population and a growing economy have put greater stress on California’s natural resources, including water. The Department of Finance projects that California’s population will reach 50 million by 2049.

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

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

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

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

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

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

(e) Enhancing regional water self-reliance consistent with Section 85021 offers a key strategy for addressing climate change and improving water supply reliability. It helps the Delta and it helps local communities to address their own water challenges. Water conservation and water recycling form one part of the
regional water self-reliance strategy and are commonsense methods
to make more efficient use of existing water supplies.

Chapter 3. Definitions

Unless the context otherwise requires, the definitions
set forth in this section govern the construction of this division, as
follows:
(a) “CALSFED Bay-Delta Program” means the program
(b) “Commission” means the California Water Commission.
(c) “Committee” means the Clean, Safe, and Reliable Drinking
Water Finance Committee created by Section 79802.
(d) “Delta” means the Sacramento-San Joaquin Delta, as defined
in Section 85058.
(e) “Delta conveyance facilities” means facilities that convey
water directly from the Sacramento River to the State Water Project
or the federal Central Valley Project pumping facilities in the south
Delta.
(f) “Delta counties” means the Counties of Contra Costa,
Sacramento, San Joaquin, Solano, and Yolo.
(g) “Department” means the Department of Water Resources.
(h) “Director” means the Director of Water Resources.
(i) “Disadvantaged community” has the meaning set forth in
subdivision (a) of Section 79505.5.
(j) “Dry weather runoff” means surface waterflow produced by
nonstormwater resulting from residential, commercial, and
industrial activities involving the use of potable and nonpotable
water.
(k) “Fund” means the Clean, Safe, and Reliable Drinking Water
Fund of 2014 created by Section 79717.
(l) “Integrated regional water management plan” has the
meaning set forth in Section 10534.
(m) “Nonprofit organization” means an organization qualified
to do business in California and qualified under Section 501(c)(3)
of Title 26 of the United States Code.
(n) “Public agency” means a state agency or department, district,
joint powers authority, city, county, city and county, or other
political subdivision of the state.
(o) “Rainwater” has the meaning set forth in subdivision (c) of Section 10573.

(p) “Secretary” means the Secretary of the Natural Resources Agency.

(q) “Severely disadvantaged community” has the meaning set forth in subdivision (n) of Section 116760.20 of the Health and Safety Code.

(r) “Small community water system” means a community water system that serves no more than 3,300 service connections or a yearlong population of no more than 10,000 persons.

(s) “State board” means the State Water Resources Control Board.

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

(u) “State small water system” has the meaning set forth in subdivision (n) of Section 116275 of the Health and Safety Code.

(v) “Stormwater” has the meaning set forth in subdivision (e) of Section 10573.

Chapter 4. General Provisions

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

79706. Unless otherwise specified, up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for “preliminary plans,” “working drawings,” and “construction” as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring data shall be collected and reported to the state board in a manner that is compatible and consistent with surface water monitoring data systems or groundwater monitoring data systems administered by the state board. Watershed monitoring data shall be collected and reported to the Department of Conservation in a
manner that is compatible and consistent with the statewide
watershed program data system administered by the Department
of Conservation.

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

79708. (a) Before disbursing grants or loans pursuant to this
division, each state agency that receives an appropriation from the
funding made available by this division to administer a competitive
grant or loan program under this division shall develop and adopt
project solicitation and evaluation guidelines. The guidelines shall
include monitoring and reporting requirements and may include
a limitation on the dollar amount of grants or loans to be awarded.
If the state agency previously has developed and adopted project
solicitation and evaluation guidelines that comply with the
requirements of this subdivision, it may use those guidelines.
(b) Before disbursing grants or loans, the state agency shall
conduct three public meetings to consider public comments prior
to finalizing the guidelines, as the implementing state agency
determines to be necessary. The state agency shall publish the draft
solicitation and evaluation guidelines on its Internet Web site at
least 30 days before any public meetings held pursuant to this
subdivision. Upon adoption, the state agency shall transmit copies
of the guidelines to the fiscal committees and the appropriate policy
committees of the Legislature.

79709. It is the intent of the people that:
(a) The investment of public funds pursuant to this division will
result in public benefits that address the most critical statewide
needs and priorities for public funding.
(b) Beneficiaries pay for the benefits they receive from projects
funded pursuant to this division.
(c) In the appropriation and expenditure of funding authorized
by this division, priority will be given to projects that leverage
private, federal, or local funding or produce the greatest public
benefit.
(d) A funded project advances the purposes of the chapter from
which the project received funding.
In making decisions regarding water resources, state and local water agencies use the best available science to inform those decisions.

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

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

Evaluation of projects considered for funding pursuant to this division will include review by professionals in the fields relevant to the proposed project.

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

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

The California State Auditor shall annually conduct a programmatic review and an audit of expenditures from the fund.

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

If an audit, required by statute, of a public agency that receives funding authorized by this division is conducted pursuant to state law and reveals any impropriety, the California State Auditor or the Controller may conduct a full audit of any or all of the activities of the public agency.

The state agency issuing any grant or loan with funding authorized by this division shall require adequate reporting of the expenditures of the funding from the grant or loan.

Funds provided by this division shall not be expended to support or pay for the costs of project or permit specific environmental mitigation measures except as part of the environmental mitigation costs of projects financed by this division.
Funds provided by this division may be used for environmental enhancements or other public benefits.

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

(c) Funds provided by this division shall not be expended to support or pay for penalties or correcting violations.

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

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

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

(c) Nothing in this division supersedes, limits, or otherwise modifies the applicability of Chapter 10 (commencing with Section 1700) of Part 2 of Division 2, including petitions related to any new conveyance constructed or operated in accordance with Chapter 2 (commencing with Section 85320) of Part 4 of Division 35.

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

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

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

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

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

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

(b) Projects funded pursuant to this division shall use the services of the California Conservation Corps or certified community conservation corps, as defined in Section 14507.5 of the Public Resources Code, whenever feasible.

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

79717. The proceeds of bonds issued and sold pursuant to this division shall be deposited into the Clean, Safe, and Reliable Drinking Water Fund of 2014, which is hereby created in the State Treasury.
Each state agency that receives an appropriation of funding made available by this division shall be responsible for establishing metrics of success and reporting the status of projects and all uses of the funding on the state’s bond accountability Internet Web site, as provided by statute.

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

Chapter 5. Clean and Safe Drinking Water

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

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

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

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

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

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

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

(f) Prevent further contamination of drinking water supplies.

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

(h) Ensure access to clean, safe, and affordable drinking water for California’s communities.
(i) Meet primary or secondary safe drinking water standards or remove contaminants identified by the state or federal government for development of a primary or secondary drinking water standard.

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

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

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

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

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

79725. (a) Of the funds authorized in Section 79720, not less than four hundred million dollars ($400,000,000) shall be available for deposit in the State Water Pollution Control Revolving Fund Small Community Grant Fund created pursuant to Section 13477.6 for grants for wastewater treatment projects. Priority shall be given to projects that serve disadvantaged communities and severely disadvantaged communities, and to projects that address public health hazards. Projects may include, but not be limited to, projects that identify, plan, design, and implement regional mechanisms to consolidate wastewater systems or provide affordable treatment technologies.
(b) The state board may expend up to ten million dollars ($10,000,000) of the funds allocated in subdivision (a) for technical assistance to eligible communities.

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

1. Providing interim water supplies where necessary to protect public health. For the purposes of this subdivision, “interim” means the limited period of time needed to address the identified urgent need for safe drinking water, not to exceed three years.
2. Planning, designing, and constructing projects that improve or replace existing water systems to provide safe, reliable, accessible, and affordable drinking water, provide other sources of safe drinking water, including, but not limited to, replacement wells, and prevent contamination.
3. Establishing connections to an adjacent water system.
4. The design, purchase, installation, and initial operating costs for interim water treatment equipment and systems. For the purposes of this subdivision, “initial operating costs” means those initial, eligible, and reimbursable costs under an agreement for interim water treatment equipment and systems that are incurred up to, and including, initial startup testing of the equipment and systems. Initial operating costs are eligible to receive funding pursuant to this section for a period not to exceed one year.

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

(c) Any funds allocated pursuant to this section to an investor-owned utility regulated by the Public Utilities Commission or for the benefit of a mutual water company shall be expended for the benefit of the ratepayers or the public, not the investors, and the utility or company shall not charge the water system’s...
Of the funds authorized in Section 79720, four hundred million dollars ($400,000,000) shall be available for grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards, ensure affordable drinking water, or both. Priority shall be given to projects that provide treatment for contamination or access to an alternate drinking water source or sources for small community water systems or state small water systems in disadvantaged communities whose drinking water source is impaired by chemical and nitrate contaminants and other health hazards identified by the implementing agency. Eligible recipients serve disadvantaged communities and are public agencies or incorporated mutual water companies. The state board may make grants for the purpose of financing feasibility studies and to meet the eligibility requirements for a construction grant. Eligible expenses may include initial operation and maintenance costs for systems serving disadvantaged communities, for a period not to exceed two years. Special consideration shall be given to projects that provide shared solutions for multiple communities, at least one of which is a disadvantaged community that lacks safe, affordable drinking water and is served by a small community water system, state small water system, or a private well. Construction grants shall be limited to five million dollars ($5,000,000) per project, except that the implementing agency may set a limit of not more than twenty million dollars ($20,000,000) for projects that provide regional benefits or are shared among multiple entities, at least one of which shall be a disadvantaged community. Not more than 25 percent of a grant may be awarded in advance of actual expenditures.

For the purposes of this subdivision, “initial operation and maintenance costs” means those initial, eligible, and reimbursable costs under a construction funding agreement that are incurred up to, and including, initial startup testing of the constructed project in order to deem the project complete. Initial operation and maintenance costs are eligible to receive funding pursuant to this section for a period not to exceed two years.

The state board may expend up to twenty-five million dollars ($25,000,000) of the funds allocated in subdivision (a) for technical assistance to eligible communities.
(c) The state board shall deposit two million five hundred thousand dollars ($2,500,000) of the funds available pursuant to this section into the Drinking Water Capital Reserve Fund, which is hereby created in the State Treasury. Moneys in the fund shall be available, upon appropriation by the Legislature, and shall be administered by the state board for the purpose of serving as matching funds for disadvantaged communities. The state board shall develop criteria to implement this subdivision.

79728. Of the funds authorized in Section 79720, up to one hundred million dollars ($100,000,000) shall be available for grants and loans for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water.

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

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

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

(d) Funding for planning activities, including technical assistance, to benefit disadvantaged communities may exceed 10 percent of the funds allocated, subject to the determination of the need for additional planning funding by the state agency administering the funding.

Chapter 6. Protecting Rivers, Lakes, Streams, Coastal Waters, and Watersheds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Sixty-four million three hundred thousand dollars ($64,300,000) shall be available for flood control projects on public lands that provide critical flood, water quality, and wetland ecosystem benefits to the San Francisco Bay region.
79732. In protecting and restoring California rivers, lakes, streams, and watersheds, the purposes of this chapter are to:

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

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

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

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

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

(f) Remove barriers to fish passage.

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

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

(i) Protect and restore rural and urban watershed health to improve watershed storage capacity, forest health, protection of life and property, stormwater resource management, and greenhouse gas reduction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Of the funds authorized in Section 79730, two hundred fifty million dollars ($250,000,000) shall be available for appropriation to the secretary for a competitive program to fund multibenefit watershed and urban rivers enhancement projects in urban watersheds, including watersheds that drain into the San Francisco Bay, that increase regional and local water self-sufficiency, and that meet at least two or more of the following objectives:
(1) Promote groundwater recharge and water reuse.
(2) Reduce energy consumption.
(3) Use soils, plants, and natural processes to treat runoff.
(4) Create or restore native habitat.
(5) Increase regional and local resiliency and adaptability to climate change.
(c) The program described in subdivision (b) shall be implemented by state conservancies, the Wildlife Conservation Board, or other entities designated by the secretary whose jurisdiction includes urban watersheds. The projects are subject to a plan developed jointly by the conservancies, the Wildlife Conservation Board, or other designated entities in consultation with the secretary.
(d) At least 25 percent of the funds available pursuant to this section shall be allocated for projects that benefit disadvantaged communities.
(e) Up to 10 percent of the funds available pursuant to this section may be allocated for project planning.

Chapter 7. Climate Change and Drought Preparedness for Regional Water Reliability

79740. The sum of two billion dollars ($2,000,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures and competitive grants and loans to projects that respond to climate change and contribute to regional water security as provided in this chapter.
79741. In order to improve regional water self-reliance and adapt to the effects on water supply arising out of climate change, the purposes of this chapter are to:
(a) Help water infrastructure systems adapt to climate change, including, but not limited to, sea level rise.
(b) Provide incentives for water agencies throughout each watershed to collaborate in managing the region’s water resources and setting regional priorities for water infrastructure.
(c) Improve regional water self-reliance, including projects consistent with Section 85021.
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(a) In selecting among proposed projects in a watershed, the scope of the adopted integrated regional water management plan may be considered by the administering state agency, with priority going to projects in plans that cover a greater portion of the watershed. If a plan covers substantially all of the watershed, then the plan’s project priorities shall be given deference if the project and plan otherwise meet the requirements of this division and the Integrated Regional Water Management Planning Act of 2002 (Part 2.2 (commencing with Section 10530) of Division 6).

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

(c) An agricultural water supplier that does not prepare, adopt, and submit its agricultural water management plan in accordance with the Agricultural Water Management Planning Act (Part 2.8 (commencing with Section 10800) of Division 6) is ineligible to apply for funds made available pursuant to this chapter until the agricultural water management plan is prepared and submitted in accordance with the requirements of that act. The department shall certify that an agricultural water management plan meets the requirements of the Agricultural Water Management Planning Act and Section 10608.56 before awarding any grants or loans pursuant to this chapter.

(d) A local agency that does not prepare, adopt, and submit its groundwater management plan in accordance with Part 2.75 (commencing with Section 10750) of Division 6 is ineligible to apply for funds made available pursuant to this chapter until the plan is prepared and submitted in accordance with the requirements of that part. The department shall certify that a groundwater management plan meets the requirements of that part and Section
10753.7 before awarding any grants or loans pursuant to this chapter.
(e) For the purposes of awarding funding under this chapter, a cost share from nonstate sources of not less than 25 percent of the total costs of the project shall be required. The cost sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community.
(f) Not less than 10 percent of the funds authorized by this chapter shall be allocated to projects that directly benefit disadvantaged communities.
(g) For the purposes of awarding funding under Section 79744, the applicant shall demonstrate that the integrated regional water management plan the applicant’s project implements contributes to addressing the risks in the region to water supply and water infrastructure arising from climate change.
(h) Projects that achieve multiple benefits shall receive special consideration.
79743. Subject to the determination of regional priorities by the regional water management group and the purposes described in Section 79741, projects eligible for funding allocated regionally by Section 79744 shall be regional projects or programs, as defined in Section 10537, and may include, but are not limited to, projects that promote any of the following:
(a) Water reuse and recycling for nonpotable reuse and direct and indirect potable reuse.
(b) Water-use efficiency and water conservation.
(c) Local and regional surface and underground water storage, including groundwater aquifer cleanup or recharge projects.
(d) Regional water conveyance facilities that improve integration of separate water systems.
(e) Watershed protection, restoration, and management projects, including projects that reduce the risk of wildfire or improve water supply reliability or water quality.
(f) Stormwater resource management plans and projects pursuant to the Stormwater Resource Planning Act (Part 2.3 (commencing with Section 10560) of Division 6).
(g) Conjunctive use of surface and groundwater storage facilities.
(h) Water desalination projects.
(i) Improvement of water quality, including drinking water treatment and distribution, groundwater and aquifer remediation, matching water quality to water use, wastewater treatment, water pollution prevention, and management of urban and agricultural runoff.

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

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

(c) Funds shall be allocated to the hydrologic regions as identified in the California Water Plan in accordance with this section. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County and southern Orange County (designated as the San Diego subregion), the Santa Ana River watershed (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. For purposes of this subdivision, the Sacramento River hydrologic region does not include the Delta. For purposes of this subdivision, the Mountain Counties Overlay is not eligible for funds from the Sacramento River hydrologic region or the San Joaquin River hydrologic region. Multiple integrated regional water management plans may be recognized in each of the areas allocated funding.

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

1. Forty-five million dollars ($45,000,000) for the North Coast hydrologic region.
2. One hundred thirty-two million dollars ($132,000,000) for the San Francisco Bay hydrologic region.
3. Fifty-eight million dollars ($58,000,000) for the Central Coast hydrologic region.
4. One hundred ninety-eight million dollars ($198,000,000) for the Los Angeles subregion.
(5) One hundred nineteen million dollars ($119,000,000) for the Santa Ana subregion.

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

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

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

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

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

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

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

(e) Funds allocated pursuant to this section may be used for the purposes described in Sections 79745 and 79747. 79745. (a) Of the funds authorized by Section 79740, two hundred fifty million dollars ($250,000,000) shall be available for appropriation to the department for direct expenditures, grants, and loans for water conservation and water use efficiency plans, projects, and programs, including either of the following:

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

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

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

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

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

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

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

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

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

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

(c) Dedicated distribution infrastructure to serve residential, agricultural, commercial, and industrial end-users to allow the use of recycled water.

(d) Pilot projects for new salt and contaminant removal technology.

(e) Groundwater recharge infrastructure related to recycled water.

(f) Technical assistance and grant writing assistance for disadvantaged communities.

(g) For projects funded pursuant to this section, at least a 25 percent local cost share shall be required. That cost share may be suspended or reduced for disadvantaged communities.

(h) Water supply reliability improvement for critical urban water supplies in designated superfund areas with groundwater
contamination listed on the National Priorities List established pursuant to Section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Sec. 9605(a)(8)(B)).

(i) Projects funded pursuant to this section shall be selected on a competitive basis, considering all of the following criteria:

(1) Regional water supply reliability improvement.
(2) Water quality and ecosystem benefits related to decreased reliance on diversions from the Delta or instream flows.
(3) Public health benefits from improved drinking water quality.
(4) Cost effectiveness.
(5) Energy efficiency and greenhouse gas emission impacts.
(6) Reasonable geographic allocation to eligible projects throughout the state, including both northern and southern California and coastal and inland regions.

(j) For the purposes of this section, eligible projects shall implement a plan or strategy by one or more regional water agencies or integrated regional water management groups to incorporate water recycling or advanced treatment technology into the region’s water supplies.

(k) For purposes of this section, competitive programs shall be implemented consistent with water recycling programs administered pursuant to Sections 79140 and 79141 or consistent with desalination programs administered pursuant to Sections 79545 and 79547.2.

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

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

(b) Stormwater capture and reuse projects developed pursuant to an adopted integrated regional water management plan in compliance with Part 2.2 (commencing with Section 10530) of Division 6 are also eligible for funding under this section if those
projects were identified and developed in substantive compliance
with Part 2.3 (commencing with Section 10560) of Division 6.
(c) Projects eligible for funding under this section shall assist
in the capture and reuse of stormwater or dry weather runoff.
Eligible projects include any of the following:
(1) Projects that capture, convey, treat, or put to beneficial use
stormwater or dry weather runoff.
(2) The development of stormwater capture and reuse plans
pursuant to Part 2.3 (commencing with Section 10560) of Division
6.
(3) Decision support tools, data acquisition, and data analysis
to identify and evaluate the benefits and costs of potential
stormwater capture and reuse projects.
(4) Projects that, in addition to capturing and reusing stormwater
or dry weather runoff, improve water quality, provide public
benefits, such as augmentation of water supply, flood control, open
space, and recreation, and projects designed to mimic or restore
natural watershed functions.
(d) The state board shall grant special consideration to plans or
projects that provide multiple benefits such as water quality, water
supply, flood control, natural lands, or recreation.
(e) The state board shall require a 25 percent local cost share
for grant funds, but may suspend or reduce the matching
requirements for projects that capture or reuse stormwater or dry
weather runoff in disadvantaged communities.
(f) The state board shall adopt a policy establishing criteria for
projects funded by this section to ensure that a project funded
pursuant to this section complies with water quality laws and does
not put at risk any groundwater or surface water supplies.
79748. In order to receive funding authorized by this chapter
to address groundwater quality or supply in an aquifer, the
applicant shall demonstrate that a public agency has authority to
manage the water resources in that aquifer. A groundwater
management plan adopted and approved pursuant to Part 2.75
(commencing with Section 10750) of Division 6 shall be deemed
sufficient to satisfy the requirements of this section.
Chapter 8. Sacramento-San Joaquin Delta
Sustainability

79750. (a) The sum of one billion dollars ($1,000,000,000) and two hundred million dollars ($1,200,000,000) shall be available upon appropriation by the Legislature from the fund, for grants and direct expenditures to improve the sustainability of the Delta as follows: Delta, as provided in this chapter.

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

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

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

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

(b) Funds allocated for one of the purposes identified in Section 79751 may be used for a project that primarily accomplishes a separate identified purpose if the use of the funds fulfills the purposes for which the funding was allocated.

(c) Nothing in this chapter supersedes, limits, or otherwise modifies the Sacramento-San Joaquin Delta Reform Act of 2009 (Division 35 (commencing with Section 85000)). The funding authorized by this chapter shall advance one or more of the objectives specified in Section 85020.

79751. In order to promote the sustainability and resiliency of the Delta, the purposes of this chapter are to:

(a) Protect, restore, and enhance the Delta ecosystem.

(b) Maintain and improve existing Delta levees.

(c) Promote the sustainability of the Delta economic sustainability and well-being of Delta residents.
(a) Of the funds authorized in Section 79750, six hundred million dollars ($600,000,000) shall be available for the purposes identified in subdivision (a) of Section 79751.

(b) A state agency receiving an appropriation of funds pursuant to this section shall do the following:

(1) Consult and coordinate with the Sacramento-San Joaquin Delta Conservancy, the Delta Protection Commission, or the relevant local government as a partner in the development and implementation of Delta ecosystem restoration projects funded by this section.

(2) Consult with the Delta Independent Science Board on the proposed ecosystem restoration project. A project recommended by the Delta Independent Science Board shall receive priority for an allocation of funding from the agency receiving an appropriation of funds pursuant to this section.

(c) Ecosystem restoration projects shall first occur on land owned by a public agency or nonprofit organization for conservation purposes as of January 1, 2014. If an ecosystem restoration project requires the use of land owned by a private party, a state agency receiving an appropriation of funds pursuant to this section shall coordinate the project’s development and implementation with the landowner and the Sacramento-San Joaquin Delta Conservancy, the Delta Protection Commission, or the relevant local government. Title to lands shall, to the maximum extent possible, remain with the landowner or local agency with property management authority.

(d) The funds authorized in Section 79750 shall not be used to purchase water or water rights to augment instream flow in the Delta. A state agency implementing a Delta ecosystem restoration project may acquire water rights in conjunction with a land acquisition for the purpose of creating wetland habitat in the Delta.

(e) The funds made available pursuant to this section may be used to support the work of the Delta Independent Science Board and the Delta Science Program related to ecosystem restoration in the Delta.

Of the funds authorized in Section 79750, four hundred million dollars ($400,000,000) shall be available for the purposes identified in subdivision (b) of Section 79751.

(b) The funds made available pursuant to this section shall reduce the risk of levee failure and flood in the Delta and may be...
expended, consistent with the Delta levee investment priorities recommended pursuant to Section 85306, for any of the following:

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

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

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

(4) Emergency response and repair projects.

(c) In developing and implementing a levee improvement project, the department shall pursue cost-sharing from all beneficiaries of the project.

(d) Net long-term habitat improvement, as provided by Part 9 (commencing with Section 12980) of Division 6 may be accomplished through a habitat improvement project separate but related to a specific levee project funded pursuant to this section.

79754. (a) Of the funds authorized in Section 79750, two hundred million dollars ($200,000,000) shall be available to either the Sacramento-San Joaquin Delta Conservancy or the Delta Protection Commission for the purposes identified in subdivision (c) of Section 79751.

(b) Improving economic sustainability of the Delta may include the following actions:

(1) Implementing the recommendations contained in the Delta Protection Commission’s economic sustainability plan required by Section 29759 of the Public Resources Code.

(2) Advancing the economic well-being of Delta residents as described in subdivision (b) of Section 32322 of the Public Resources Code.

(3) Protecting and enhancing the unique cultural, recreational, natural resource, and agricultural values of the Delta as an evolving place as provided in Section 85054.

(c) The funds made available pursuant to this section may be transferred to the Delta Investment Fund created pursuant to Section 29778.5 of the Public Resources Code.

79752.

79755. The funds authorized in Section 79750 shall not be used to pay the costs of a public agency exercising eminent domain
to acquire or use property. All property acquired with moneys
available pursuant to this chapter shall be acquired from willing
sellers.

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

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

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

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

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

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

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

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

(4) Emergency response and repair projects.

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

(c) The department shall, as a part of the 2015–16 fiscal year
May budget revision, provide the Senate and Assembly Budget
Committees a proposal for implementing paragraphs (3) and (4)
of subdivision (a) including any changes to statutes necessary to
implement that proposal.
Chapter 9. Water Storage for Climate Change

79760. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

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

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

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

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

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

2. Statewide storage benefits or regional storage benefits that promote regional self-reliance.

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

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

(a) Construct new surface water storage projects.

(b) Restore and expand groundwater aquifer storage capacity.

(c) Restore water storage capacity of existing surface water storage reservoirs.
(d) Remediate or prevent contamination of groundwater aquifers.

(e) Construct and expand stormwater retention facilities.

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

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

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

(c) Conjunctive use and reservoir reoperation projects.

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

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

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

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

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

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

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

(b) Notwithstanding subdivision (a), in response to an emergency declared by the Governor, funds provided by this chapter may be used to acquire or to reimburse the costs of
acquiring emergency water supplies and flows for dilution and
salinity repulsion following a natural disaster or act of terrorism.

79766. In consultation with the Department of Fish and
Wildlife, the state board, and the department, the commission shall
develop and adopt, by regulation, methods for quantification and
management of public benefits described in Section 79765 by
December 15, 2015. The regulations shall include the priorities
and relative environmental value of ecosystem benefits as provided
by the Department of Fish and Wildlife and the priorities and
relative environmental value of water quality benefits as provided
by the state board.

79767. (a) Except as provided in subdivision (c), funds
allocated pursuant to this chapter shall not be allocated for a project
until the commission approves the project based on the
commission’s determination that all of the following have occurred:
(1) The commission has adopted the regulations specified in
Section 79766 and specifically quantified and made public the cost
of the public benefits associated with the project.
(2) For projects to be constructed and operated by the
department, the department has entered into a contract with each
party that will derive benefits, other than public benefits, as defined
in Section 79765, from the project that ensures the party will pay
its share of the total costs of the project. The benefits available to
a party shall be consistent with that party’s share of total project
costs.
(3) The department has entered into a contract with each public
agency identified in Section 79766 that administers the public
benefits, after that agency makes a finding that the public benefits
of the project for which that agency is responsible meet all the
requirements of this chapter, to ensure that the public contribution
of funds pursuant to this chapter achieves the public benefits
identified for the project.
(4) The commission has held a public hearing for the purposes
of providing an opportunity for the public to review and comment
on the information required to be prepared pursuant to this
subdivision.
(5) All of the following additional conditions are met:
(A) Feasibility studies have been completed.
(B) The commission has found and determined that the project
is feasible, is consistent with all applicable laws and regulations,
and, if the project is in the Delta watershed, will advance one or
more of the policy objectives specified in Section 85020.
(C) All environmental documentation associated with the project
has been completed, and all other federal, state, and local approvals,
certifications, and agreements required to be completed have been
obtained.
(b) The commission shall submit to the Legislature its findings
for each of the criteria identified in subdivision (a) for a project
funded pursuant to this chapter.
(c) Notwithstanding subdivision (a), funds may be made
available under this chapter for the completion of environmental
documentation and permitting of a project.
79768. (a) The public benefit cost share of a project funded
pursuant to this chapter shall not exceed 50 percent of the total
costs of any project funded under this chapter.
(b) In order to receive funding authorized by this chapter to
improve groundwater storage in an aquifer, the applicant shall
demonstrate that a public agency has authority to manage the water
resources in that aquifer.
79769. (a) A project is not eligible for funding under this
chapter unless, by January 1, 2018, all of the following conditions
are met:
(1) All feasibility studies are complete and draft environmental
documentation is available for public review.
(2) The commission makes a finding that the project is feasible,
and will advance the long-term objectives of restoring ecological
health and improving water management for beneficial uses.
(3) For projects to be constructed and operated by the
department, the director receives commitments for not less than
75 percent of the nonpublic benefit cost share of the project.
(b) If compliance with subdivision (a) is delayed by litigation
or failure to promulgate regulations, the date in subdivision (a)
shall be extended by the commission for a time period that is equal
to the time period of the delay, and funding under this chapter that
has been dedicated to the project shall be encumbered until the
time at which the litigation is completed or the regulations have
been promulgated.
79770. (a) Funding authorized by this chapter shall not be
used to pay any share of the costs of remediation recoverable from
parties responsible for the contamination of a groundwater storage
aquifer, but may be used to pay costs that cannot be recovered from responsible parties. Parties that receive funding for remediating groundwater storage aquifers shall exercise reasonable efforts to recover the costs of groundwater cleanup from the parties responsible for the contamination.

(b) Projects and activities that leverage funding from local agencies and responsible parties to the maximum extent possible shall receive priority consideration.

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


79800. (a) Bonds in the total amount of eight billion dollars ($8,000,000,000) eight billion two hundred million dollars ($8,200,000,000), or so much thereof as is necessary, not including the amount of any refunding bonds issued in accordance with Section 79812 may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

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

79801. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government
Code), and all of the provisions of that law apply to the bonds and
to this division and are hereby incorporated in this division as
though set forth in full in this division, except subdivisions (a) and
(b) of Section 16727 of the Government Code.

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

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

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

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

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

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

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

79806. Notwithstanding Section 13340 of the Government
Code, there is hereby appropriated from the General Fund in the
State Treasury, for the purposes of this division, an amount that will equal the total of the following:

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

(b) The sum that is necessary to carry out the provisions of Section 79807, appropriated without regard to fiscal years.

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

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

79809. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this division less any amount borrowed pursuant to Section 79807. Any amounts withdrawn shall be deposited in the fund. Any moneys made available under this section shall be returned to the General Fund, with interest at
the rate earned by the moneys in the Pooled Money Investment
Account, from proceeds received from the sale of bonds for the
purpose of carrying out this division.
79810. All moneys deposited in the fund that are derived from
premium and accrued interest on bonds sold pursuant to this
division shall be reserved in the fund and shall be available for
transfer to the General Fund as a credit to expenditures for bond
interest, except that amounts derived from premium may be
reserved and used to pay the cost of bond issuance prior to any
transfer to the General Fund.
79811. Pursuant to Chapter 4 (commencing with Section
16720) of Part 3 of Division 4 of Title 2 of the Government Code,
the cost of bond issuance shall be paid out of the bond proceeds,
including premium, if any. To the extent the cost of bond issuance
is not paid from premiums received from the sale of bonds, these
costs shall be shared proportionately by each program funded
through this division by the applicable bond sale.
79812. The bonds issued and sold pursuant to this division
may be refunded in accordance with Article 6 (commencing with
Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
the Government Code, which is a part of the State General
Obligation Bond Law. Approval by the voters of the state for the
issuance of the bonds under this division shall include approval
of the issuance of any bonds issued to refund any bonds originally
issued under this division or any previously issued refunding bonds.
79813. The proceeds from the sale of bonds authorized by this
division are not “proceeds of taxes” as that term is used in Article
XIII B of the California Constitution, and the disbursement of
these proceeds is not subject to the limitations imposed by that
article.
SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
Session of the Statutes of 2009, as amended by Section 1 of
Chapter 74 of the Statutes of 2012, is repealed.
SEC. 4. Section 2 of this act shall be submitted to the voters
at the November 4, 2014, statewide general election in accordance
governing the submission of a statewide measure to the voters.
SEC. 5. Section 2 of this act shall take effect upon the approval
by the voters of the Clean, Safe, and Reliable Drinking Water Act
of 2014, as set forth in that section at the November 4, 2014, statewide general election.