

AMENDED IN ASSEMBLY APRIL 9, 2014
AMENDED IN ASSEMBLY MARCH 17, 2014
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1527

Introduced by Assembly Member Perea

January 17, 2014

~~An act to add Article 13 (commencing with Section 116756) to Chapter 4 of Part 12 of the Health and Safety Code, relating to drinking water. An act to amend Section 116326 of the Health and Safety Code, and to amend Section 75125 of, and to add Section 75129.5 to, the Public Resources Code, relating to public water systems.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1527, as amended, Perea. Public water systems: drinking water. Existing law, known as 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, including, but not limited to, administering programs to fund improvements and expansion of small community water systems using specified priorities. Existing law requires the department to encourage the consolidation of small community water systems that serve disadvantaged communities if consolidation will help the affected agencies and the state meet specified goals. Existing law allows funding of studies regarding the feasibility of consolidating 2 or more community water systems, at least one of which is a small community water system that serves a disadvantaged community, and requires the department to give funding priority to projects that involve the physical restructuring

of 2 or more community water systems, as specified, when it is shown that the consolidation would further specified goals.

This bill would require the department, in administering programs to fund improvements and expansions of small community water systems and other water systems, as specified, to promote service delivery alternatives that improve efficiency and affordability of infrastructure and service delivery, as specified.

The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, an initiative measure, provides funding for safe drinking water, water quality and supply, flood control, natural resource protection, and park improvements. Existing law establishes the Strategic Growth Council and appropriates \$500,000 from the funding provided by the initiative to support the council and its activities. Existing law requires the council to manage and award grants and loans to support the planning and development of sustainable communities, as specified.

This bill would require the council to manage and award financial assistance to a city, county, local area formation commission, special district, nonprofit organization, or entity, as specified, for the preparation, planning, and implementation of a public water system consolidation, merger, or extension of services project for the purposes of promoting water conservation, and would require that the financial assistance be provided from available moneys pursuant to a specified provision of the bond act described above.

~~Existing law, known as 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, including, but not limited to, programs to fund improvements and expansion of small community water systems using specified priorities. Existing law requires the department to encourage the consolidation of small community water systems that serve disadvantaged communities in instances where consolidation will help the affected agencies and the state to meet specified goals.~~

~~This bill would authorize an assuming water system, as defined, to voluntarily consolidate with another water system. This bill would define “assuming water system” as a water system that will obtain legal ownership of another water system or systems, and that has a permit to operate from the department, and would define “subsumed water system” as the water system that will transfer legal ownership to the assuming water system. This bill would require the assuming water~~

system to file a voluntary consolidation plan with the department that includes, but is not limited to, a list of current deficiencies in the subsumed water system, proposed remedies to those deficiencies, and a timeline for correcting the subsumed water system. This bill would require the department to approve the voluntary consolidation plan within 60 days, and if the department does not disapprove of the plan within those 60 days the plan will be deemed approved. This bill would also provide that an assuming water system that begins voluntary consolidation pursuant to an approved plan, is not liable for any good faith, reasonable effort to assume possession of, and to operate, the subsumed water system in compliance with the plan and other statutes and regulations. This bill would also require the department to adopt regulations relating to the required content of a voluntary consolidation plan and the process for approval.

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 to encourage*
 2 *local area formation commissions to focus on the consolidation,*
 3 *merger, or extension of public water systems, especially those*
 4 *located in disadvantaged communities, by seeking financial*
 5 *assistance in order to perform the necessary service reviews and*
 6 *other appropriate studies.*

7 SEC. 2. *Section 116326 of the Health and Safety Code is*
 8 *amended to read:*

9 116326. (a) *In administering programs to fund improvements*
 10 *and expansions of small community water systems and, pursuant*
 11 *to subdivision (b), other water systems, the department shall do*
 12 *all of the following:*

13 (a)

14 (1) *Give priority to funding projects in disadvantaged*
 15 *communities.*

16 (b) ~~*Encourage the consolidation of small community water*~~
 17 ~~*systems that serve disadvantaged communities in instances where*~~
 18 ~~*consolidation will help the affected agencies*~~

19 (2) *Promote service delivery alternatives that improve efficiency*
 20 *and affordability of infrastructure and service delivery, including,*
 21 *but not limited to, the consolidation of governmental agencies,*

1 consolidation of water systems, and the extension of services, in
2 and to disadvantaged communities, where service delivery options
3 will help affected agencies, communities, and the state to meet all
4 of the following goals:

5 (1)
6 (A) Improvement in the quality of water delivered.

7 (2)
8 (B) Improvement in the reliability of water delivery.

9 (3)
10 (C) Reduction in the cost of drinking water for ratepayers.

11 ~~(e) Pursuant to subdivision (b), allow funding for feasibility~~
12 ~~studies performed prior to a construction project to include studies~~
13 ~~of the feasibility of consolidating two or more community water~~
14 ~~systems, at least one of which is a small community water system~~
15 ~~that serves a disadvantaged community.~~

16 ~~(d) In instances where it is shown that small community water~~
17 ~~system consolidation will further the goals of subdivision (b), give~~
18 ~~priority to funding construction projects that involve the physical~~
19 ~~restructuring of two or more community water systems, at least~~
20 ~~one of which is a small community water system that serves a~~
21 ~~disadvantaged community, into a single, consolidated system.~~

22 (3) Pursuant to paragraph (2) of subdivision (a), require that
23 funding for feasibility studies performed prior to a construction
24 project include studies of service delivery alternatives that improve
25 efficiency and affordability of capital improvements and service
26 delivery, if at least one of the potentially affected agencies serves,
27 or would serve by way of an extraterritorial service extension, a
28 disadvantaged community, unless the department makes a written
29 determination that the service delivery alternatives are not feasible
30 under the circumstances. In making this determination, the
31 department shall do all of the following:

32 (A) Review and consider the determinations and
33 recommendations made by the affected local agency formation
34 commission within the previous five calendar years in any of the
35 following:

36 (i) A special study conducted pursuant to Section 56378 of the
37 Government Code.

38 (ii) A sphere of influence study conducted pursuant to Section
39 56425 of the Government Code.

1 (iii) A service review conducted pursuant to Section 56430 of
2 the Government Code.

3 (B) Consult with the executive officer of the affected local agency
4 formation commission to determine whether any circumstances
5 have changed since the studies and review conducted pursuant to
6 subparagraph (A) were completed or if there is any additional
7 information that would assist the department in its determination.

8 (C) Review and consider the conclusions and recommendations
9 of other local and regional studies designed to develop and identify
10 regional solutions for drinking water delivery.

11 (4) If it is shown that an alternative service delivery option will
12 further the goals of paragraph (2) of subdivision (a), fund
13 construction projects that include the alternative service delivery
14 option, unless the department makes a written determination that
15 the alternative service delivery option is not feasible under the
16 circumstances.

17 (b) If an applicant submits an application that includes a service
18 delivery alternative that furthers the goals specified in paragraph
19 (2) of subdivision (a), the applicant need not be a small community
20 water system and the department may increase priority of the
21 application.

22 SEC. 3. Section 75125 of the Public Resources Code is
23 amended to read:

24 75125. The council shall do all of the following:

25 (a) Identify and review activities and funding programs of
26 member state agencies that may be coordinated to improve air and
27 water quality, improve natural resource protection, increase the
28 availability of affordable housing, improve transportation, meet
29 the goals of the California Global Warming Solutions Act of 2006
30 (Division 25.5 (commencing with Section 38500) of the Health
31 and Safety Code), encourage sustainable land use planning, and
32 revitalize urban and community centers in a sustainable manner.
33 At a minimum, the council shall review and comment on the
34 five-year infrastructure plan developed pursuant to Article 2
35 (commencing with Section 13100) of Chapter 2 of Part 3 of
36 Division 3 of the Government Code and the State Environmental
37 Goals and Policy Report developed pursuant to Section 65041 of
38 the Government Code.

39 (b) Recommend policies and investment strategies and priorities
40 to the Governor, the Legislature, and to appropriate state agencies

1 to encourage the development of sustainable communities, such
 2 as those communities that promote equity, strengthen the economy,
 3 protect the environment, and promote public health and safety,
 4 consistent with subdivisions (a) and (c) of Section 75065.

5 (c) Provide, fund, and distribute data and information to local
 6 governments and regional agencies that will assist in developing
 7 and planning sustainable communities.

8 (d) Manage and award grants and loans to support the planning
 9 and development of sustainable communities, pursuant to Sections
 10 75127, 75128, ~~and 75129~~, and 75129.5. To implement this
 11 subdivision, the council may do all of the following:

12 (1) Develop guidelines for awarding financial assistance,
 13 including criteria for eligibility and additional consideration.

14 (2) Develop criteria for determining the amount of financial
 15 assistance to be awarded. The council shall award a revolving loan
 16 to an applicant for a planning project, unless the council determines
 17 that the applicant lacks the fiscal capacity to carry out the project
 18 without a grant. The council may establish criteria that would allow
 19 the applicant to illustrate an ongoing commitment of financial
 20 resources to ensure the completion of the proposed plan or project.

21 (3) Provide for payments of interest on loans made pursuant to
 22 this article. The rate of interest shall not exceed the rate earned by
 23 the Pooled Money Investment Board.

24 (4) Provide for the time period for repaying a loan made
 25 pursuant to this article.

26 (5) Provide for the recovery of funds from an applicant that fails
 27 to complete the project for which financial assistance was awarded.
 28 The council shall direct the Controller to recover funds by any
 29 available means.

30 (6) Provide technical assistance for application preparation.

31 (7) Designate a state agency or department to administer
 32 technical and financial assistance programs for the disbursing of
 33 grants and loans to support the planning and development of
 34 sustainable communities, pursuant to Sections 75127, 75128, ~~and~~
 35 75129, and 75129.5.

36 (e) (1) No later than July 1, ~~2010~~, and ~~every of each year~~
 37 ~~thereafter~~, provide a report to the Legislature that shall include,
 38 but is not limited to, all of the following:

39 (H)

40 (A) A list of applicants for financial assistance.

- 1 ~~(2)~~
- 2 (B) Identification of which applications were approved.
- 3 ~~(3)~~
- 4 (C) The amounts awarded for each approved application.
- 5 ~~(4)~~
- 6 (D) The remaining balance of available funds.
- 7 ~~(5)~~
- 8 (E) A report on the proposed or ongoing management of each
- 9 funded project.
- 10 ~~(6)~~
- 11 (F) Any additional minimum requirements and priorities for a
- 12 project or plan proposed in a grant or loan application developed
- 13 and adopted by the council pursuant to subdivision (c) of Section
- 14 75126.

15 (2) *A report submitted pursuant to paragraph (1) shall be*
 16 *submitted in accordance with Section 9795 of the Government*
 17 *Code.*

18 SEC. 4. *Section 75129.5 is added to the Public Resources Code,*
 19 *to read:*

20 75129.5. *To support the planning and development of*
 21 *sustainable communities, the council shall manage and award*
 22 *financial assistance to a city, county, local area formation*
 23 *commission, special district, nonprofit organization, or entity*
 24 *formed pursuant to Chapter 5 (commencing with Section 6500) of*
 25 *Division 7 of Title 1 of the Government Code, or a local agency*
 26 *formation commission formed pursuant to Chapter 4 (commencing*
 27 *with Section 56425) of Part 2 of Division 3 of Title 5 of the*
 28 *Government Code, if at least one of the parties to the joint powers*
 29 *agreement qualifies as an eligible applicant, for the preparation,*
 30 *planning, and implementation of a public water system*
 31 *consolidation, merger, or extension of services project for the*
 32 *purposes of promoting water conservation. The financial assistance*
 33 *provided pursuant to this section shall be funded from moneys*
 34 *made available pursuant to subdivision (c) of Section 75065. The*
 35 *council shall give priority to funding projects proposed by a*
 36 *disadvantaged community.*

37 ~~SECTION 1. Article 13 (commencing with Section 116756)~~
 38 ~~is added to Chapter 4 of Part 12 of Division 104 of the Health and~~
 39 ~~Safety Code, to read:~~

Article 13. ~~Voluntary Consolidation~~

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~~116756. For purposes of this article the following definitions apply:~~

~~(a) "Assuming water system" means a public water system that obtains legal ownership of another public water system or systems pursuant to Section 116757 and has a permit to operate pursuant to Section 116525.~~

~~(b) "Subsumed water system" means a public water system that transfers legal ownership to an assuming water system.~~

~~116757. An assuming water system may voluntarily consolidate with another water system. The assuming water system shall file a written plan for voluntary consolidation with the department that includes, but is not limited to, a list of the current deficiencies in the subsumed water system, planned remedies to fix the current deficiencies, and a timeline for correction of the subsumed water system. The department shall have 60 days to approve the voluntary consolidation plan. If the department does not disapprove the voluntary consolidation plan within 60 days, the plan shall be deemed approved. If an assuming water system begins voluntary consolidation pursuant to an approved voluntary consolidation plan, the assuming water system shall not be liable for any good faith, reasonable effort to assume possession of and operate the subsumed water system in compliance with the plan, this chapter and other applicable laws and regulations.~~

~~116758. The department shall adopt regulations relating to the required content of a voluntary consolidation plan and the process for approval.~~