

AMENDED IN SENATE JUNE 9, 2014

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 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~~ *agency* formation commission, special district, nonprofit organization, ~~or entity, as specified,~~ *or joint powers authority or joint powers agency* 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.

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~~ *agency* formation commissions to focus on the
- 3 consolidation, merger, or extension of public water systems *as*
- 4 *appropriate*, especially those located in disadvantaged
- 5 communities, by seeking financial assistance in order to perform
- 6 the necessary service reviews and 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:

1 (1) Give priority to funding projects in disadvantaged
2 communities.

3 (2) Promote service delivery alternatives that improve efficiency
4 and affordability of infrastructure and service delivery, including,
5 but not limited to, the consolidation of governmental agencies,
6 consolidation of water systems, and the extension of services, in
7 and to disadvantaged communities, where service delivery options
8 will help affected agencies, communities, and the state to meet ~~all~~
9 *two or more* of the following goals:

10 (A) Improvement in the quality of water delivered.

11 (B) Improvement in the reliability of water delivery.

12 (C) Reduction in the cost of drinking water for ratepayers.

13 (3) Pursuant to paragraph (2) of subdivision (a), *for a project*
14 *to be considered for funding*, require that ~~funding for~~ feasibility
15 studies performed prior to a construction project include studies
16 of service delivery alternatives that improve efficiency and
17 affordability of capital improvements and service delivery, if at
18 least one of the potentially affected agencies serves, or would serve
19 by way of an extraterritorial service extension, a disadvantaged
20 community, unless the department makes a written determination
21 that the service delivery alternatives are not feasible under the
22 circumstances. In making this determination, the department shall
23 do all of the following:

24 (A) Review and consider the determinations and
25 recommendations made by the affected local agency formation
26 commission within the previous five calendar years in any of the
27 following:

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

30 (ii) A sphere of influence study conducted pursuant to Section
31 56425 of the Government Code.

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

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

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

4 (4) If it is shown that an alternative service delivery option will
5 further the goals of paragraph (2) of subdivision (a), fund
6 construction projects that include the alternative service delivery
7 option, unless the department makes a written determination that
8 the alternative service delivery option is not feasible under the
9 circumstances.

10 (b) If an applicant submits an application that includes a service
11 delivery alternative that furthers the goals specified in paragraph
12 (2) of subdivision (a), the applicant need not be a small community
13 water system and the department may increase priority of the
14 application.

15 SEC. 3. Section 75125 of the Public Resources Code is
16 amended to read:

17 75125. The council shall do all of the following:

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

32 (b) Recommend policies and investment strategies and priorities
33 to the Governor, the Legislature, and to appropriate state agencies
34 to encourage the development of sustainable communities, such
35 as those communities that promote equity, strengthen the economy,
36 protect the environment, and promote public health and safety,
37 consistent with subdivisions (a) and (c) of Section 75065.

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

- 1 (d) Manage and award grants and loans to support the planning
2 and development of sustainable communities, pursuant to Sections
3 75127, 75128, 75129, and 75129.5. To implement this subdivision,
4 the council may do all of the following:
- 5 (1) Develop guidelines for awarding financial assistance,
6 including criteria for eligibility and additional consideration.
 - 7 (2) Develop criteria for determining the amount of financial
8 assistance to be awarded. The council shall award a revolving loan
9 to an applicant for a planning project, unless the council determines
10 that the applicant lacks the fiscal capacity to carry out the project
11 without a grant. The council may establish criteria that would allow
12 the applicant to illustrate an ongoing commitment of financial
13 resources to ensure the completion of the proposed plan or project.
 - 14 (3) Provide for payments of interest on loans made pursuant to
15 this article. The rate of interest shall not exceed the rate earned by
16 the Pooled Money Investment Board.
 - 17 (4) Provide for the time period for repaying a loan made
18 pursuant to this article.
 - 19 (5) Provide for the recovery of funds from an applicant that fails
20 to complete the project for which financial assistance was awarded.
21 The council shall direct the Controller to recover funds by any
22 available means.
 - 23 (6) Provide technical assistance for application preparation.
 - 24 (7) Designate a state agency or department to administer
25 technical and financial assistance programs for the disbursing of
26 grants and loans to support the planning and development of
27 sustainable communities, pursuant to Sections 75127, 75128,
28 75129, and 75129.5.
- 29 (e) (1) No later than July 1, of each year, provide a report to
30 the Legislature that shall include, but is not limited to, all of the
31 following:
- 32 (A) A list of applicants for financial assistance.
 - 33 (B) Identification of which applications were approved.
 - 34 (C) The amounts awarded for each approved application.
 - 35 (D) The remaining balance of available funds.
 - 36 (E) A report on the proposed or ongoing management of each
37 funded project.
 - 38 (F) Any additional minimum requirements and priorities for a
39 project or plan proposed in a grant or loan application developed

1 and adopted by the council pursuant to subdivision (c) of Section
2 75126.

3 (2) A report submitted pursuant to paragraph (1) shall be
4 submitted in accordance with Section 9795 of the Government
5 Code.

6 SEC. 4. Section 75129.5 is added to the Public Resources Code,
7 to read:

8 75129.5. To support the planning and development of
9 sustainable communities, the council shall manage and award
10 financial assistance to a city, county, local-area *agency* formation
11 commission, special district, nonprofit organization, ~~or entity~~
12 ~~formed pursuant to Chapter 5 (commencing with Section 6500)~~
13 ~~of Division 7 of Title 1 of the Government Code, or a local agency~~
14 ~~formation commission formed pursuant to Chapter 4 (commencing~~
15 ~~with Section 56425) of Part 2 of Division 3 of Title 5 of the~~
16 ~~Government Code, or joint powers authority or joint powers~~
17 ~~agency, if at least one of the parties to the joint powers agreement~~
18 ~~qualifies as an eligible applicant, for the preparation, planning,~~
19 ~~and implementation of a public water system consolidation, merger,~~
20 ~~or extension of services project for the purposes of promoting~~
21 ~~water conservation. The financial assistance provided pursuant to~~
22 ~~this section shall be funded from moneys made available pursuant~~
23 ~~to subdivision (c) of Section 75065. The council shall give priority~~
24 ~~to funding projects proposed by a disadvantaged community.~~