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 safe drinking water, water quality, and flood protection 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, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL’S DIGEST


(1) Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, 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 Safe Drinking Water, Water Quality, and Flood Protection Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $5,600,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water, water quality, and flood protection program.

The bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

(3) This bill would declare that it is to take effect immediately as an urgency statute.


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

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of the Water Code, as added by Section 1 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, is repealed.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. THE SAFE DRINKING WATER, WATER QUALITY, AND FLOOD PROTECTION ACT OF 2014

CHAPTER 1. SHORT TITLE

79700. This division shall be known and may be cited as the Safe Drinking Water, Water Quality, and Flood Protection Act of 2014.

CHAPTER 2. DEFINITIONS

79710. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this division, as follows:

(a) “Commission” means the California Water Commission.
(b) “Committee” means the Safe Drinking Water, Water Quality, and Flood Protection Finance Committee created by Section 79824.
(c) “Delta” means the Sacramento-San Joaquin Delta as defined in Section 12220.
Chapter 3. Safe Drinking Water Projects

79720. (a) It is the intent of the Legislature that this chapter provide funds to address the most critical water needs of the state, including the provision of safe drinking water to all Californians and the improvement of safe drinking water supply reliability.

(b) The sum of one billion five hundred million dollars ($1,500,000,000) two billion dollars ($2,000,000,000) shall be available for the purposes of this chapter.
From the funds described in Section 79720, five hundred million dollars ($500,000,000) shall be available to the state board for projects to address immediate safe drinking water needs as follows:

(a) The sum of one hundred million dollars ($100,000,000) shall be available for grants and direct expenditures to finance urgent public health emergencies and urgent public health emergency actions 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, including, but not limited to, bottled water, where necessary to protect public health.
2. Improvements in existing water systems necessary to identify, plan, design, and construct projects that will 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, including, but not limited to, planning, design, and construction of improvements necessary to resume delivery of safe drinking water.
3. Establishing connections to an adjacent water system.
4. Design, purchase, installation, and initial operating costs for operation and maintenance of interim water treatment equipment and systems.

(b) The sum of 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 and ensure affordable drinking water. Priority shall be given to projects that serve small disadvantaged communities and to projects that address provide treatment for contamination or access to alternative drinking water sources for small water systems or state small water systems serving disadvantaged communities whose drinking water source is impaired by chemical and nitrate contaminants and other health hazards identified by the state board. Eligible recipients—serve either operate small or state small water systems in disadvantaged communities and are public agencies or incorporated mutual water companies or are public agencies or nonprofit organizations authorized to act on behalf of small or state small water systems in disadvantaged communities. The state board may make grants for the purpose of financing feasibility studies and to meet the...
eligibility requirements for a construction grant. Priority Eligible expenses may include initial operation and maintenance costs for systems serving disadvantaged communities. Special consideration will be given to projects that provide shared solutions for multiple communities, at least one of which is a disadvantaged community served by a small or state small water system or private well and that lacks safe, affordable drinking water. Construction grants shall be limited to five million dollars ($5,000,000) per project, except that the state board may set a limit of not more than twenty million dollars ($20,000,000) for projects that provide regional or shared solutions among multiple entities, at least one of which is a small disadvantaged community. Not more than 25 percent of a grant may be awarded in advance of actual expenditures.

(c) The state board may expend up to twenty-five million dollars ($25,000,000) of the funds allocated in subdivision (b) for technical assistance to eligible communities.

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

(e) Of the funds available pursuant to subdivision (b), the state board may expend up to ten million dollars ($10,000,000) to finance development and demonstration of new technologies and related facilities for water contaminant removal and treatment appropriate for use by small and state small water systems.

79724. (a) From the funds described in Section 79720, one billion dollars ($1,000,000,000) five hundred million dollars ($1,500,000,000) shall be available to the department for allocation to regions pursuant to Section 79726 grants for projects that develop, improve, or implement an adopted integrated regional water management plan consistent with Part 2.2 (commencing with Section 10530) of Division 6, as that part may be amended, and improve the quality or supply of safe drinking water, reduce the amount of water imported to the region, or address any of the following other critical water supply reliability issues:

(1) Groundwater clean up or pollution prevention in sources of drinking water.

(2) Advanced water treatment technology projects to remove contaminants from drinking water, water recycling, and related projects, such as distribution or groundwater recharge infrastructure.
(3) Urban and agricultural water conservation and water use efficiency projects.

(4) Other integrated water infrastructure projects that address one or more water management activities and improve the reliability or quality of regional water supplies, including the repair or replacement of aging water management infrastructure.

(b) Projects funded pursuant to this section shall require a local match of not less than 50 percent of project costs, except the department may suspend or reduce cost share requirements for projects serving disadvantaged communities or that result in a direct reduction in water imported from the Delta.

(c) To be eligible for funding under this section, a region shall comply with the following requirements:

(1) Have an adopted integrated regional water management plan approved by the department.

(2) Each urban and agricultural water supplier that would benefit from a project shall adopt and submit an urban or agricultural water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6) or the Agricultural Water Management Planning Act (Part 2.8 (commencing with Section 10800) of Division 6). That urban or agricultural water management plan shall be approved plans shall be certified by the department as meeting the requirements of the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6) or the Agricultural Water Management Planning Act (Part 2.8 (commencing with Section 10800) of Division 6), and Sections 10608.56 and 10631.5.

(3) Have a groundwater management plan for each major groundwater basin that meets the requirements of Each local agency whose service area includes a groundwater basin that would benefit from a groundwater management project shall adopt and submit a groundwater management plan in accordance with Part 2.75 (commencing with Section 10750) of Division 6.

(4) Have a water budget that describes local and imported water supplies and uses in sufficient detail to inform long-term efforts towards sustainable water management, and, where applicable, include a description of any measures anticipated to reduce the amount of water imported to the region in the future.
(5) Where applicable, an integrated water management plan shall be consistent with and implement Section 85021.

(d) Where applicable, funding pursuant to this section shall be made available to water agencies to assist in directly reducing the amount of water imported from the Delta.

79725. The California Water Commission shall review the implementation of Section 79724 and shall certify that requirements for grant eligibility pursuant to that section are met prior to the department making final grant awards.

79726. Funds of the funds available pursuant to Section 79724, one billion four hundred million ($1,400,000,000) shall be allocated to each hydrologic region identified for purposes of integrated regional water management planning by the department based 75 percent on population and 25 percent on geographical size of the region: in accordance with the following schedule:

1. North Coast: $66,000,000.
2. San Francisco Bay: $196,000,000.
3. Central Coast: $85,000,000.
4. Los Angeles subregion: $267,000,000.
5. Santa Ana subregion: $191,000,000.
6. San Diego subregion: $146,000,000.
7. Sacramento River: $117,000,000.
8. San Joaquin River: $96,000,000.
9. Tulare/Kern (Tulare Lake): $97,000,000.
10. North/South Lahontan: $72,000,000.
11. Colorado River Basin: $67,000,000.

79728. (a) From the funds described in Section 79724, one hundred million dollars ($100,000,000) shall be available for grants by the department for the development and implementation of innovative projects to advance sustainable water management for projects that significantly advance the application and effectiveness of innovative integrated regional water management strategies, including, but not limited to, the following:

1. Innovative decision support tools to model future regional climate change impacts.
2. Groundwater management plans and projects that further sustainable groundwater management.
3. Other projects determined by the department to advance innovative strategies for the integration of water management.
(b) The department shall give priority to projects that address groundwater overdraft and related impacts, including, but not limited to, subsidence.

Chapter 4. Water Quality and Watershed Protection Projects

79730. (a) It is the intent of the Legislature that this chapter provide funds to protect water quality in the rivers, lakes, streams, and coastal waters of the state, to assist in meeting the Federal Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.) and other state and federal requirements for the protection of water quality, public health, and endangered species, and to protect or restore natural systems that contribute to water supply, water quality, or flood management.

(b) The sum of one billion eight hundred million dollars ($1,800,000,000) and two billion one hundred million dollars ($2,100,000,000) shall be available for the purposes of this chapter.

79732. (a) From the funds described in Section 79730, four hundred million dollars ($400,000,000) shall be available to the state board for deposit in the Small Communities Grant Subaccount for grants for wastewater treatment projects to keep contaminants out of rivers, lakes, streams, groundwater, and coastal waters, and for other projects to protect the public and fish and wildlife from contaminated sources of water. Priority shall be given to projects that serve disadvantaged communities and severely disadvantaged communities, and to projects that address public health hazards. Special consideration shall be given to small communities with limited financial resources. Projects shall 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) From the funds available pursuant to subdivision (a), ten million dollars ($10,000,000) and twenty million dollars ($20,000,000) shall be allocated to the state board for deposit into the Private Well and Septic Systems Investment Fund, which is hereby created in the State Treasury. Moneys in the fund shall be available, upon appropriation by the Legislature, for the purpose of addressing the needs of private well and septic owners providing grants and loans
to private well and septic owners to protect drinking water sources and ensure safe and affordable drinking water for all Californians.

79734. From the funds described in Section 79730, nine hundred million dollars ($900,000,000) one billion one hundred million dollars ($1,100,000,000) shall be available for water quality and watershed protection projects of statewide significance as follows:

(a) The sum of six hundred million dollars ($600,000,000) shall be available to the Delta Conservancy for water quality, ecosystem restoration, and community sustainability projects that benefit the Delta, including, but not limited to, the following:

1. Projects to improve water quality facilities or projects that contribute to improvements in water quality in the Delta.
2. Habitat restoration, conservation, and enhancement projects to improve the condition of special status, at risk, endangered, or threatened species in the Delta and the Delta counties, including projects to eradicate invasive species, and projects that support the beneficial reuse of dredged material for habitat restoration and levee improvements.
3. Projects to assist in preserving economically viable and sustainable agriculture and other economic activities in the Delta, including local infrastructure projects and projects to mitigate the economic and community impacts of any conversion of agricultural land to habitat funded by this section.
4. Multibenefit recycled water projects that improve groundwater management and Delta tributary ecosystems.

5. Scientific studies and assessments that support the Delta Science Program as described in Section 85280 or projects authorized under this section.

(b) The sum of three hundred million dollars ($300,000,000) five hundred million dollars ($500,000,000) shall be available to the Natural Resources Agency, the Wildlife Conservation Board, or to state conservancies, for water quality, river, and watershed protection and restoration projects of statewide importance outside of the Delta. Eligible projects include those that reduce pollution or contamination of major water bodies of the state, assist in the protection or recovery of endangered or threatened endangered, threatened, wetland, or migratory species, or protect or restore natural system functions that contribute to water supply, water quality, or flood management.
From the funds described in Section 79730, five hundred six hundred million dollars ($500,000,000) ($600,000,000) shall be available for regional watershed protection and water quality projects outside the Delta pursuant to Section 79738. Eligible projects include those that do any of the following:

1. Reduce pollution or contamination of rivers, lakes, streams, or coastal waters, including prevention and remediation of mercury contamination from legacy mines.
2. Assist in the protection or recovery of endangered or threatened species, or protect, threatened, or migratory species by improving watershed health, in-stream flows, fish passage, coastal or inland wetland restoration, or other means, including natural community conservation plan and habitat conservation plan implementation.
3. Protect or restore natural system functions that contribute to water supply, water quality, or flood management.
4. Restore river parkways throughout the state, including, but not limited to, projects supported by the Urban Streams Restoration Program established pursuant to Section 7048 and the California River Parkway Act of 2004 (Chapter 3.8 (commencing with Section 5750) of Division 5 of the Public Resources Code).
5. Protect and restore aquatic, coastal, wetland, and migratory bird ecosystems, including fish and wildlife corridors.
6. Implement fuel treatment projects to reduce wildfire risks and associated risks to water supply facilities, and post-fire restoration projects to improve watershed health, water quality, and flood control capacity.
7. Implement adaptation projects that improve the ability of California’s watersheds, wetlands, forests, and floodplains to reduce the impacts of climate change on California’s communities and ecosystems.

Of the funds described in subdivision (a), at least five hundred million dollars ($500,000,000) shall be available for water quality, flood control, watershed restoration, or other watershed improvement projects implemented by state conservancies.

In order to guide the expenditure of funds described in this section, the Natural Resources Agency shall develop a statewide natural resource protection plan to identify priorities consistent
with the purposes of this section. All expenditures by state
conservancies and state agencies of funds described in this section
shall advance the priorities set forth in the statewide natural
resource protection plan.
(d) In coordination with the Natural Resources Agency, all state
conservancies expending funds provided pursuant to subdivision
(b) shall provide biannual written reports to the Natural Resources
Agency on expenditures made and how those expenditures advance
the statewide priorities set forth in the statewide natural resource
protection plan developed pursuant to subdivision (c). The Natural
Resources Agency shall produce and make available to the public
biannual written reports on total expenditures made and progress
towards meeting statewide priorities.

79738. Funds available pursuant to Section 79736 shall be
allocated to each hydrologic region identified for purposes of
integrated regional water management planning by the department
based on the geographic size and population of the region, giving
equal weight to each factor. These funds shall be available to state
conservancies operating within the region or, for areas in which
no state conservancy operates, to the Wildlife Conservation Board
for grants or for direct expenditures consistent with the purposes
of this chapter and consistent with the conservation plans developed
pursuant to Section 79740.

79740. The Natural Resources Agency shall develop and adopt
a statewide resource protection plan to identify priorities for
expending funds provided in subdivision (b) of Section 79734 that
includes priorities for the State Coastal Conservancy and the
Wildlife Conservation Board. Conservation plans developed and
adopted by state conservancies shall be consistent with statewide
priorities adopted by the Natural Resources Agency and shall
govern the expenditure of funds available pursuant to Section
79736.

Chapter 5. Flood Control and Stormwater Management

79750. (a) It is the intent of the Legislature that this chapter
provide funds for disaster preparedness, flood control, and
stormwater management in a manner that leverages the maximum
amount of federal and local matching funds and that prioritizes
project selection and encourages multibenefit project design to achieve the maximum public benefits.

(b) The sum of one billion three hundred million dollars ($1,300,000,000) three hundred seventy-five million dollars ($1,375,000,000) shall be available for the purposes of this chapter. 79752. From the funds described in Section 79750, five hundred million ($500,000,000) shall be available to the department to implement the Central Valley Flood Protection Plan, including the following:

(a) The evaluation, repair, rehabilitation, or replacement of levees, weirs, bypasses, or other facilities, and for multiple benefit projects. Multiple benefit projects are flood control projects that provide water supply, water quality, ecosystem, public access, and recreation benefits, or any combination thereof. Projects of the Central Valley Flood Protection Plan shall be designed for multiple benefits, wherever feasible, in order to maximize water supply, water quality, and ecosystem benefits. Investments necessary to achieve multiple benefits shall be eligible expenditures, feasible, and, for the purposes of implementing this subdivision, priority shall be given to multiple benefit projects. The department shall develop and implement mitigation through regional advance mitigation plans, wherever feasible, to lower the cost, decrease delay, and improve the conservation benefits of mitigation.

(b) Increasing the level of flood protection of urban and urbanizing areas including state participation in federal and state authorized flood control projects, feasibility studies, design of federal flood damage reduction, and related projects, and reservoir reoperation and groundwater flood storage projects that improve flood protection.

(c) The development of local maps and technical information by Sacramento-San Joaquin Valley cities and counties necessary to make a finding consistent with Section 65865.5 of the Government Code.

79753. From the funds described in Section 79750, seventy-five million dollars ($75,000,000) shall be available to the Natural Resources Agency for flood control projects on public lands that provide critical flood, water quality, and wetland ecosystem benefits to the San Francisco Bay region.

79754. From the funds described in Section 79750, four hundred million dollars ($400,000,000) three hundred seventy-five
million dollars ($375,000,000) shall be available to the state board for competitive grants and loans for stormwater management projects pursuant to this section.

(a) Eligible projects shall assist in compliance with total maximum daily load implementation plans and be consistent with all applicable waste discharge requirements.

(b) Eligible projects are facilities and infrastructure to reduce, manage, treat, and capture for water supply stormwater, and urban runoff, including, but not limited to:

1. Detention and retention basins.
2. Dry weather diversion facilities, trash filters, and screens.
3. Treatment wetlands creation and enhancement.
4. Stormwater runoff reduction projects, including permeable surface installation, cisterns, and collection and treatment facilities for groundwater recharge.
5. Other stormwater management infrastructure for low-impact development.

(a) Eligible projects shall assist in compliance with total maximum daily load implementation plans or other regional stormwater management plans, or in the development of enhanced watershed management plans designed to achieve integrated, multiple benefit stormwater management objectives. Eligible projects include any of the following:

1. Projects that reduce, manage, treat, or capture stormwater to improve water quality and, wherever possible, improve water supply.
2. Stormwater resource management plans and related enhanced watershed management plans.
3. Decision support tools to evaluate the benefits and costs of multiple benefit stormwater projects.
4. Projects that, in addition to improving 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.

(b) 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.

(c) The state board shall require not less than a 50-percent local cost share for grant funds, but may suspend or reduce the matching requirements for disadvantaged communities.
(d) The state board shall award grants on a competitive basis considering the following criteria:

1. Water quality benefits of the project, such as the project’s ability to reduce impairment of the receiving water body.
3. Public health benefits of the project.
4. Flood management benefits.
5. Water supply benefits.
6. Demonstrated contribution to reducing reliance on imported water.

(d) Eligible recipients shall be local public agencies or nonprofit organizations in partnership with local public agencies.

(e) Eligible projects must be outside of the area of the Central Valley Flood Protection Plan and must be consistent with an applicable integrated regional water management plan.

79756. Notwithstanding Section 79754, fifty million dollars ($50,000,000) from the funds described in Section 79750, twenty-five million dollars ($25,000,000) shall be available to the Department of Conservation from the funds described in Section 79754 for competitive grants for resource conservation districts and other qualified special districts and nonprofit organizations for projects that reduce or manage runoff from irrigated agricultural lands for the benefit of surface and groundwater quality.

79758. From the funds described in Section 79750, four hundred million dollars ($400,000,000) shall be available to reduce the risk of levee failure and flood in the Delta for any of the following:

(a) Local assistance under the Delta levee maintenance subventions program under Part 9 (commencing with Section 12980) of Division 6, as that part may be amended.
(b) Special flood protection projects under Chapter 2 (commencing with Section 12310) of Part 4.8 of Division 6, as that chapter may be amended.
(c) Levee improvement projects that increase the resiliency of levees within the Delta to withstand earthquake, flooding, or sea level rise.
(d) Emergency response and repair projects.
Chapter 6. Water System Operational Improvements

79760. The sum of one billion dollars ($1,000,000,000) shall be available to the commission for water system operational improvements that meet the requirements of this section, including all of the following:
(a) Projects shall be selected by the commission through a competitive public process that ranks projects based on the expected public benefits received for public investment.
(b) Eligible projects consist only of the following:
   (1) Surface storage projects identified in the CALFED Bay-Delta Programmatic Record of Decision, dated August 28, 2000, except that projects at Lake Shasta shall not be eligible.
   (2) Groundwater storage projects and groundwater contamination prevention or remediation projects that augment groundwater supplies, and improve the long-term sustainability of groundwater resources, including reducing overdraft.
   (3) Conjunctive use and reservoir reoperation projects including associated infrastructure.
   (4) Projects that restore the capacity of reservoirs currently impaired by sediment buildup or other impairment.
   (5) Projects that result in a permanent reduction of water exported from the Delta and a transfer of the equivalent water right to instream flow pursuant to Section 1707. Priority shall be given to projects that also result in the permanent elimination of irrigation runoff contributing to salinity in the San Joaquin Valley.
   (6) Recycled water storage facilities.
(c) A project shall not be funded unless it provides measurable improvements to the Delta ecosystem.
(d) Funds allocated pursuant to this section may be expended solely for the following public benefits:
   (1) Ecosystem improvements, including, but not limited to, changing timing of diversions, improvement in flow conditions, temperature, or other benefits that contribute to restoration of aquatic ecosystems and native fish and wildlife.
   (2) Water quality improvements in the Delta or in other river systems that provide significant public trust 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 benefits.

(e) The commission, in consultation with the Department of Fish and Wildlife, the state board, and the department, shall develop and adopt, by regulation, methods for quantification and management of public benefits. The regulations shall include priorities and relative environmental value of ecosystem benefits 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.

(f) Funds shall not be expended pursuant to this chapter for the costs of environmental mitigation measures or compliance obligations except for those associated with providing the public benefits as described in subdivision (d).

79762. No funds available pursuant to Section 79760 may be allocated to a project until the commission approves the project based on the following determinations:

(a) The commission has adopted the regulations specified in Section 79760 and specifically quantified and made public the cost of the public benefits associated with the project.

(b) The department has entered into a contract with each party that will derive benefits, other than public benefits, 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.

(c) The department has entered into a contract with the Department of Fish and Wildlife and the state board, after those agencies have made 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 public contributions of funds pursuant to this chapter achieve the public benefits identified for the project.

(d) 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 section.

(e) All of the following conditions are met:

(1) Feasibility studies have been completed.

(2) The commission has found and determined that the project is feasible, is consistent with all applicable laws and regulations, and will advance the long-term objectives of restoring ecological
health and improving water management, including the beneficial
uses of the Delta.

(3) All environmental documentation has been completed and
all other federal, state, and local approvals, certifications, and
agreements required to be completed have been obtained.

(f) The commission shall submit to the fiscal committees and
the appropriate policy committees of the Legislature its findings
for each criteria identified in this section for any project funded
pursuant to this chapter.

79764. (a) The public benefit cost share of a project funded
pursuant to this chapter may not exceed 50 percent of the total cost
of the project.

(b) No project may be funded unless it provides ecosystem
improvements that are at least 50 percent of the public benefits of
the project funded under this chapter.

Chapter 7. General Provisions

79770. The proceeds of bonds issued and sold pursuant to this
division shall be deposited in the Safe Drinking Water, Water
Quality, and Flood Protection Fund of 2014, which is hereby
created in the State Treasury. Moneys in the fund shall be available,
upon appropriation by the Legislature, in the manner and for the
purposes set forth in this division.

79772. An amount that equals not more than 5 percent of the
funds allocated for a program pursuant to this division may be
used to pay the administrative costs of that program.

79774. Up to 10 percent of funds allocated for each program
funded by this division may be used to finance 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 shall be
integrated into the surface water ambient monitoring program
administered by the state board.

79776. 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 6
(commencing with Section 79760).

79778. (a) Prior to disbursing grants pursuant to this division,
each state agency that is required to administer a competitive grant
program under this division shall develop project solicitation and
evaluation guidelines. The guidelines may include a limitation on
the dollar amount of grants to be awarded.

(b) Prior to disbursing grants, the state agency shall conduct
three public meetings to consider public comments prior to
finalizing the guidelines. The state agency shall publish the draft
solicitation and evaluation guidelines on its Internet Web site at
least 30 days before the public meetings. One meeting shall be
conducted at a location in northern California, one meeting shall
be conducted at a location in the central valley of California, and
one meeting shall be conducted at a location in southern California.
Upon adoption, the state agency shall transmit copies of the
guidelines to the fiscal committees and the appropriate policy
committees of the Legislature.

(c) Projects funded with proceeds from this division shall
promote state planning priorities consistent with the provisions of
Section 65041.1 of the Government Code and sustainable
communities strategies consistent with the provisions of
subparagraph (B) of paragraph (2) of subdivision (b) of Section

(d) To the extent feasible, in implementing subdivision (a) of
Section 79734, the Delta Conservancy shall seek to achieve wildlife
conservation objectives through projects on public lands or
voluntary projects on private lands. Funds available pursuant to
subdivision (a) of Section 79734 may be used, in consultation with
the Department of Fish and Wildlife, for payments to landowners
for the creation of measurable habitat improvements or other
improvements to the condition of endangered or threatened species.
The Delta Conservancy may develop and implement a competitive
habitat credit exchange mechanism in order to maximize voluntary
landowner participation in projects that provide measurable habitat
or species improvements in the Delta. These funds shall not be
used to subsidize or decrease the mitigation obligations of any
party.

(e) In implementing subdivision (a) of Section 79734, the Delta
Conservancy shall coordinate, cooperate, and consult with the city
or county in which a grant is proposed to be expended or an interest
in real property is proposed to be acquired and with the Delta
Protection Commission. Acquisitions pursuant to subdivision (a)
of Section 79734 shall be from willing sellers only.
(f) In implementing subdivision (a) of Section 79734, the Delta
Conservancy shall require grantees to demonstrate how local
economic impacts, including impacts related to the loss of
agricultural lands, will be mitigated.
(g) Funds provided by this division shall not be used to acquire
land via eminent domain. Funds from this division may be used
to acquire property from willing sellers.
(h) Restoration and ecosystem protection projects funded by
Section 79736 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.
(i) In implementing Section 79740, the Natural Resources
Agency shall prioritize existing obligations for state watershed
restoration investments, including, but not limited to, dam removal
and related activities on the Klamath River, San Joaquin River
restoration and restoration, of migratory bird habitat on the Salton
Sea.
(jj) In implementing subdivision (b) of Section 79734, priority
shall be given to projects that fulfill the obligations of the State of
California in complying with the terms of any of the following:
(1) The February 18, 2010, Klamath Basin Restoration
Agreement.
(2) Quantification Settlement Agreement, as defined in
subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.
(3) The San Joaquin River Restoration Settlement, as described
in Part I of Subtitle A of Title X of Public Law 111-11.
(4) Refuge water supply acquisition pursuant to the Central
Valley Project Improvement Act, as defined in Section 3404(d)(3)
of Title 34 of Public Law 102-575.
(5) Other state settlements and interstate compacts.
jk) In implementing Section 79752, the department may authorize
the establishment of a trust fund, consistent with Section 79044,
for the purposes of maintaining any lands acquired for the purposes
of Section 79752.
(k) It is the intent of the Legislature that California's working agricultural landscapes be preserved wherever possible. To the extent feasible, watershed objectives included in this division should be achieved through use of conservation easements and voluntary landowner participation, including, but not limited to, the use of easements pursuant to Division 10.4 (commencing with Section 10330) and Division 10.2 (commencing with Section 10200) of the Public Resources Code and voluntary habitat credit exchange mechanisms.

(l) Funds allocated pursuant to subdivision (b) of Section 79734 to meet California's responsibilities under the bi-state compact identified in Title 7.4 (commencing with Section 66800) of the Government Code shall be appropriated pursuant to Title 7.42 (commencing with Section 66905) of the Government Code.

79780. It is the intent of the people that:

(a) The investment of public funds pursuant to this division result in public benefits.

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

79782. The State Auditor shall annually conduct a programmatic review and an audit of expenditures from the fund. The 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.

79784. Funds provided by this division shall not be used to support or pay for the costs of environmental mitigation measures or compliance obligations of any party 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.

79786. Funds provided by this division shall not be expended to pay costs associated with design, construction, operation, maintenance, or mitigation of new Delta conveyance facilities.

79788. The Legislature may enact legislation necessary to implement programs funded by this division.

79790. Eligible applicants under this division are public agencies, nonprofit organizations, public utilities, and mutual water
companies. To be eligible for funding under this division, a project proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system.

79792. (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 prior to December 19, 1914, provided under the law. This division does not limit or otherwise 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.
Nothing in this division limits or otherwise affects the application of Chapter 2 (commencing with Section 85320) of Part 4 of Division 35.

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 available pursuant to this division shall not be available for any project that could have an adverse effect on the free flowing condition of a wild and scenic river or any other river afforded protections pursuant to the California Wild and Scenic Rivers Act.


79820. (a) Bonds in the total amount of five billion six hundred million dollars ($5,600,000,000) or so much thereof as is necessary, not including the amount of any refunding bonds, or so much thereof as is necessary; bonds issued in accordance with Section 79840 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.

79822. The bonds authorized by this chapter 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.
shall not apply to the extent that it is inconsistent with any other provision of this division.

79824. (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 Safe Drinking Water, Water Quality, and Flood Protection Finance Committee is hereby created. For purposes of this division, the Safe Drinking Water, Water Quality, and Flood Protection Finance Committee is “the committee” as that term is used in the State General Obligation Bond Law. 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, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the Department of Water Resources is designated the “board.”

79826. 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.

79828. 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.

79830. 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 necessary to carry out Section 79832, appropriated without regard to fiscal years.

79832. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount 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 money made available under this section shall be returned to the General Fund from proceeds received from the sale of bonds for the purpose of carrying out this division.

79834. All money deposited in the fund that is derived from premium and accrued interest on bonds sold 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.

79836. 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. These costs proceeds, including premium, if any. To the extent the cost of bond issuance is not paid from premiums received from the sale of bonds, the cost shall be shared proportionally by each program funded through this bond act division by the applicable bond sale.

79838. The Department of Water Resources board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, including other authorized forms of interim financing that include, but are not limited to, commercial paper, in accordance with Section 16312 of the Government Code, for purposes the purpose of carrying out this division less any amount withdrawn pursuant to Section 79832. The amount of the request shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purpose of carrying out this division. The Department of Water Resources board shall execute any 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 by the board in accordance with this division.
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 described in under this division includes shall include the approval of the issuance of any bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

Notwithstanding any other provision of this division, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to under designated conditions or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment of earnings on those proceeds. The Treasurer 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 required or desirable under federal law 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.

The Legislature hereby finds and declares that, inasmuch as 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 with provisions of the Government Code and the Elections Code 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 Safe Drinking Water, Water Quality, and Flood
Protection Act of 2014, as set forth in that section at the November 4, 2014, statewide general election.

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to fund safe drinking water, water quality, and flood protection at the earliest possible date, it is necessary that this act take effect immediately.