

**Introduced by Senator Wolk**  
**(Coauthors: Senators DeSaulnier, Hancock, and Steinberg)**  
(Coauthor: Assembly Member Bonilla)

January 9, 2014

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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

SB 848, as introduced, Wolk. Safe Drinking Water, Water Quality, and Flood Protection Act of 2014.

(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 \$6,475,000,000 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.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

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3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.

4 SEC. 2. Division 26.7 (commencing with Section 79700) is  
5 added to the Water Code, to read:

6  
7 DIVISION 26.7. THE SAFE DRINKING WATER, WATER  
8 QUALITY, AND FLOOD PROTECTION ACT OF 2014

9  
10 CHAPTER 1. SHORT TITLE

11  
12 79700. This division shall be known and may be cited as the  
13 Safe Drinking Water, Water Quality, and Flood Protection Act of  
14 2014.

15  
16 CHAPTER 2. DEFINITIONS

17  
18 79710. Unless the context otherwise requires, the definitions  
19 set forth in this section govern the construction of this division, as  
20 follows:

- 21 (a) "Commission" means the California Water Commission.
- 22 (b) "Committee" means the Safe Drinking Water, Water Quality,  
23 and Flood Protection Finance Committee created by Section 79824.
- 24 (c) "Delta" means the Sacramento-San Joaquin Delta as defined  
25 in Section 12220.
- 26 (d) "Department" means the Department of Water Resources.
- 27 (e) "Director" means the Director of Water Resources.

1 (f) “Disadvantaged community” has the same meaning as set  
2 forth in subdivision (a) of Section 79505.5.

3 (g) “Fund” means the Safe Drinking Water, Water Quality, and  
4 Flood Protection Fund of 2014 created by Section 79770.

5 (h) “Integrated regional water management plan” means a  
6 comprehensive plan for a defined geographic area that meets the  
7 requirements of Part 2.2 (commencing with Section 10530) of  
8 Division 6, as that part may be amended.

9 (i) “Nonprofit organization” means an organization qualified  
10 to do business in California and qualified under Section 501(c)(3)  
11 of Title 26 of the United States Code.

12 (j) “Public agency” means a state agency or department, public  
13 water system, special district, joint powers authority, city, county,  
14 city and county, or other political subdivision of the state.

15 (k) “Secretary” means the Secretary of the Natural Resources  
16 Agency.

17 (l) “Severely disadvantaged community” has the same meaning  
18 as set forth in subdivision (n) of Section 116760.20 of the Health  
19 and Safety Code.

20 (m) “State board” means the State Water Resources Control  
21 Board.

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

26  
27 CHAPTER 3. SAFE DRINKING WATER PROJECTS  
28

29 79720. (a) It is the intent of the Legislature that this chapter  
30 provide funds to address the most critical water needs of the state,  
31 including the provision of safe drinking water to all Californians  
32 and the improvement of safe drinking water supply reliability.

33 (b) The sum of two billion dollars (\$2,000,000,000) shall be  
34 available for the purposes of this chapter.

35 79722. From the funds described in Section 79720, five  
36 hundred million dollars (\$500,000,000) shall be available to the  
37 state board for projects to address immediate safe drinking water  
38 needs as follows:

39 (a) The sum of one hundred million dollars (\$100,000,000) shall  
40 be available for grants and direct expenditures to finance urgent

1 public health emergency actions to ensure that safe drinking water  
2 supplies are available to all Californians. Eligible actions include,  
3 but are not limited to, the following:

4 (1) Providing interim water supplies, including, but not limited  
5 to, bottled water, where necessary to protect public health.

6 (2) Improvements in existing water systems, including, but not  
7 limited to, planning, design, and construction of improvements  
8 necessary to resume delivery of safe drinking water.

9 (3) Establishing connections to an adjacent water system.

10 (4) Design, purchase, installation, and operation and  
11 maintenance of interim water treatment equipment and systems.

12 (b) The sum of four hundred million dollars (\$400,000,000)  
13 shall be available for grants and loans for public water system  
14 infrastructure improvements and related actions to meet safe  
15 drinking water standards and ensure affordable drinking water.  
16 Priority shall be given to projects that provide treatment for  
17 contamination or access to alternative drinking water sources for  
18 small water systems or state small water systems serving  
19 disadvantaged communities whose drinking water source is  
20 impaired by chemical and nitrate contaminants and other health  
21 hazards identified by the state board. Eligible recipients either  
22 operate small or state small water systems in disadvantaged  
23 communities and are public agencies or incorporated mutual water  
24 companies or are public agencies or nonprofit organizations  
25 authorized to act on behalf of small or state small water systems  
26 in disadvantaged communities. The state board may make grants  
27 for the purpose of financing feasibility studies and to meet the  
28 eligibility requirements for a construction grant. Eligible expenses  
29 may include initial operation and maintenance costs for systems  
30 serving disadvantaged communities. Special consideration will be  
31 given to projects that provide shared solutions for multiple  
32 communities, at least one of which is a disadvantaged community  
33 served by a small or state small water system or private well and  
34 that lacks safe, affordable drinking water. Construction grants shall  
35 be limited to five million dollars (\$5,000,000) per project, except  
36 that the state board may set a limit of not more than twenty million  
37 dollars (\$20,000,000) for projects that provide regional or shared  
38 solutions among multiple entities, at least one of which is a small  
39 disadvantaged community. Not more than 25 percent of a grant  
40 may be awarded in advance of actual expenditures.

1 (c) The state board may expend up to twenty-five million dollars  
2 (\$25,000,000) of the funds allocated in subdivision (b) for technical  
3 assistance to eligible communities.

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

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

12 79724. (a) From the funds described in Section 79720, one  
13 billion five hundred million dollars (\$1,500,000,000) shall be  
14 available to the department for grants for projects that develop,  
15 improve, or implement an adopted integrated regional water  
16 management plan consistent with Part 2.2 (commencing with  
17 Section 10530) of Division 6, as that part may be amended, and  
18 improve the quality or supply of safe drinking water, reduce the  
19 amount of water imported to the region, or address any of the  
20 following other critical water supply reliability issues:

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

23 (2) Advanced water treatment technology projects to remove  
24 contaminants from drinking water, water recycling, and related  
25 projects, such as distribution or groundwater recharge  
26 infrastructure.

27 (3) Urban and agricultural water conservation and water use  
28 efficiency projects.

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

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

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

1 (1) Have an adopted integrated regional water management  
2 plan.

3 (2) Each urban and agricultural water supplier that would benefit  
4 from a project shall adopt and submit an urban or agricultural water  
5 management plan in accordance with the Urban Water Management  
6 Planning Act (Part 2.6 (commencing with Section 10610) of  
7 Division 6) or the Agricultural Water Management Planning Act  
8 (Part 2.8 (commencing with Section 10800) of Division 6). Urban  
9 or agricultural water management plans shall be certified by the  
10 department as meeting the requirements of the Urban Water  
11 Management Planning Act (Part 2.6 (commencing with Section  
12 10610) of Division 6) or the Agricultural Water Management  
13 Planning Act (Part 2.8 (commencing with Section 10800) of  
14 Division 6), and Sections 10608.56 and 10631.5.

15 (3) Each local agency whose service area includes a groundwater  
16 basin that would benefit from a groundwater management project  
17 shall adopt and submit a groundwater management plan in  
18 accordance with Part 2.75 (commencing with Section 10750) of  
19 Division 6.

20 (4) Have a water budget that describes local and imported water  
21 supplies and uses in sufficient detail to inform long-term efforts  
22 towards sustainable water management, and, where applicable,  
23 include a description of any measures anticipated to reduce the  
24 amount of water imported to the region in the future.

25 (5) Where applicable, an integrated water management plan  
26 shall be consistent with and implement Section 85021.

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

30 79725. The California Water Commission shall review the  
31 implementation of Section 79724 and shall certify that requirements  
32 for grant eligibility pursuant to that section are met prior to the  
33 department making final grant awards.

34 79726. Of the funds available pursuant to Section 79724, one  
35 billion four hundred million dollars (\$1,400,000,000) shall be  
36 allocated to hydrologic regions identified for purposes of integrated  
37 regional water management planning in accordance with the  
38 following schedule:

39 (a) North Coast: \$66,000,000.

40 (b) San Francisco Bay: \$196,000,000.

- 1 (c) Central Coast: \$85,000,000.
- 2 (d) Los Angeles subregion: \$267,000,000.
- 3 (e) Santa Ana subregion: \$191,000,000.
- 4 (f) San Diego subregion: \$146,000,000.
- 5 (g) Sacramento River: \$117,000,000.
- 6 (h) San Joaquin River: \$96,000,000.
- 7 (i) Tulare/Kern (Tulare Lake): \$97,000,000.
- 8 (j) North/South Lahontan: \$72,000,000.
- 9 (k) Colorado River Basin: \$67,000,000.

10 79728. (a) From the funds described in Section 79724, one  
 11 hundred million dollars (\$100,000,000) shall be available for grants  
 12 for projects that significantly advance the application and  
 13 effectiveness of innovative integrated regional water management  
 14 strategies, including, but not limited to, the following:

- 15 (1) Innovative decision support tools to model future regional  
 16 climate change impacts.
- 17 (2) Groundwater management plans and projects that further  
 18 sustainable groundwater management.
- 19 (3) Other projects determined by the department to advance  
 20 innovative strategies for the integration of water management.

21 (b) The department shall give priority to projects that address  
 22 groundwater overdraft and related impacts, including, but not  
 23 limited to, subsidence.

24

25 CHAPTER 4. WATER QUALITY AND WATERSHED PROTECTION  
 26 PROJECTS

27

28 79730. (a) It is the intent of the Legislature that this chapter  
 29 provide funds to protect water quality in the rivers, lakes, streams,  
 30 and coastal waters of the state, to assist in meeting the Federal  
 31 Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.) and  
 32 other state and federal requirements for the protection of water  
 33 quality, public health, and endangered species, and to protect or  
 34 restore natural systems that contribute to water supply, water  
 35 quality, or flood management.

36 (b) The sum of two billion one hundred million dollars  
 37 (\$2,100,000,000) shall be available for the purposes of this chapter.

38 79732. (a) From the funds described in Section 79730, four  
 39 hundred million dollars (\$400,000,000) shall be available to the  
 40 state board for deposit in the Small Communities Grant Subaccount

1 for grants for wastewater treatment projects to keep contaminants  
2 out of rivers, lakes, streams, groundwater, and coastal waters, and  
3 for other projects to protect the public and fish and wildlife from  
4 contaminated sources of water. Priority shall be given to projects  
5 that serve disadvantaged communities and severely disadvantaged  
6 communities, and to projects that address public health hazards.  
7 Special consideration shall be given to small communities with  
8 limited financial resources. Projects shall include, but not be limited  
9 to, projects that identify, plan, design, and implement regional  
10 mechanisms to consolidate wastewater systems or provide  
11 affordable treatment technologies.

12 (b) From the funds available pursuant to subdivision (a), twenty  
13 million dollars (\$20,000,000) shall be allocated to the state board  
14 for deposit into the Private Well and Septic Systems Investment  
15 Fund, which is hereby created in the State Treasury. Moneys in  
16 the fund shall be available, upon appropriation by the Legislature,  
17 for the purpose of providing grants and loans to private well and  
18 septic owners to protect drinking water sources and ensure safe  
19 and affordable drinking water for all Californians.

20 79734. From the funds described in Section 79730, one billion  
21 one hundred million dollars (\$1,100,000,000) shall be available  
22 for water quality and watershed protection projects as follows:

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

27 (1) Projects to improve water quality facilities or projects that  
28 contribute to improvements in water quality in the Delta.

29 (2) Habitat restoration, conservation, and enhancement projects  
30 to improve the condition of special status, at risk, endangered, or  
31 threatened species in the Delta and the Delta counties, including  
32 projects to eradicate invasive species, and projects that support the  
33 beneficial reuse of dredged material for habitat restoration and  
34 levee improvements.

35 (3) Projects to assist in preserving economically viable and  
36 sustainable agriculture and other economic activities in the Delta,  
37 including local infrastructure projects and projects to mitigate the  
38 economic and community impacts of any conversion of agricultural  
39 land to habitat funded by this section.

1 (4) Multibenefit recycled water projects that improve  
2 groundwater management and Delta tributary ecosystems.

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

6 (b) The sum of five hundred million dollars (\$500,000,000)  
7 shall be available for water quality, river, and watershed protection  
8 and restoration projects of statewide importance outside of the  
9 Delta. Eligible projects include those that reduce pollution or  
10 contamination of major water bodies of the state, assist in the  
11 protection or recovery of endangered, threatened, wetland, or  
12 migratory species, or protect or restore natural system functions  
13 that contribute to water supply, water quality, or flood management.

14 79736. (a) From the funds described in Section 79730, six  
15 hundred million dollars (\$600,000,000) shall be available for  
16 watershed protection and water quality projects outside the Delta  
17 that do any of the following:

18 (1) Reduce pollution or contamination of rivers, lakes, streams,  
19 or coastal waters, including prevention and remediation of mercury  
20 contamination from legacy mines.

21 (2) Assist in the recovery of endangered, threatened, or  
22 migratory species by improving watershed health, in-stream flows,  
23 fish passage, coastal or inland wetland restoration, or other means,  
24 including natural community conservation plan and habitat  
25 conservation plan implementation.

26 (3) Protect or restore natural system functions that contribute  
27 to water supply, water quality, or flood management.

28 (4) Restore river parkways throughout the state, including, but  
29 not limited to, projects supported by the Urban Streams Restoration  
30 Program established pursuant to Section 7048 and the California  
31 River Parkway Act of 2004 (Chapter 3.8 (commencing with Section  
32 5750) of Division 5 of the Public Resources Code).

33 (5) Protect and restore aquatic, coastal, wetland, and migratory  
34 bird ecosystems, including fish and wildlife corridors.

35 (6) Implement fuel treatment projects to reduce wildfire risks  
36 and associated risks to water supply facilities, and post-fire  
37 restoration projects to improve watershed health, water quality,  
38 and flood control capacity.

39 (7) Implement adaptation projects that improve the ability of  
40 California's watersheds, wetlands, forests, and floodplains to

1 reduce the impacts of climate change on California’s communities  
2 and ecosystems.

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

7 (c) In order to guide the expenditure of funds described in this  
8 section, the Natural Resources Agency shall develop a statewide  
9 natural resource protection plan to identify priorities consistent  
10 with the purposes of this section. All expenditures by state  
11 conservancies and state agencies of funds described in this section  
12 shall advance the priorities set forth in the statewide natural  
13 resource protection plan.

14 (d) In coordination with the Natural Resources Agency, all state  
15 conservancies expending funds provided pursuant to subdivision  
16 (b) shall provide biannual written reports to the Natural Resources  
17 Agency on expenditures made and how those expenditures advance  
18 the statewide priorities set forth in the statewide natural resource  
19 protection plan developed pursuant to subdivision (c). The Natural  
20 Resources Agency shall produce and make available to the public  
21 biannual written reports on total expenditures made and progress  
22 towards meeting statewide priorities.

23

24 CHAPTER 5. FLOOD CONTROL AND STORMWATER MANAGEMENT

25

26 79750. (a) It is the intent of the Legislature that this chapter  
27 provide funds for disaster preparedness, flood control, and  
28 stormwater management in a manner that leverages the maximum  
29 amount of federal and local matching funds and that prioritizes  
30 project selection and encourages multibenefit project design to  
31 achieve the maximum public benefits.

32 (b) The sum of one billion three hundred seventy-five million  
33 dollars (\$1,375,000,000) shall be available for the purposes of this  
34 chapter.

35 79752. From the funds described in Section 79750, five  
36 hundred million dollars (\$500,000,000) shall be available to the  
37 department to implement the Central Valley Flood Protection Plan,  
38 including the following:

39 (a) The evaluation, repair, rehabilitation, or replacement of  
40 levees, weirs, bypasses, or other facilities, and for multiple benefit

1 projects. Multiple benefit projects are flood control projects that  
2 provide water supply, water quality, ecosystem, public access, and  
3 recreation benefits, or any combination thereof. Projects of the  
4 Central Valley Flood Protection Plan shall be designed for multiple  
5 benefits, wherever feasible, and, for the purposes of implementing  
6 this subdivision, priority shall be given to multiple benefit projects.  
7 The department shall develop and implement mitigation through  
8 regional advance mitigation plans, wherever feasible, to lower the  
9 cost, decrease delay, and improve the conservation benefits of  
10 mitigation.

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

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

21 79753. From the funds described in Section 79750, seventy-five  
22 million dollars (\$75,000,000) shall be available to the Natural  
23 Resources Agency for flood control projects on public lands that  
24 provide critical flood, water quality, and wetland ecosystem  
25 benefits to the San Francisco Bay region.

26 79754. From the funds described in Section 79750, three  
27 hundred seventy-five million dollars (\$375,000,000) shall be  
28 available to the state board for competitive grants and loans for  
29 stormwater management projects pursuant to this section.

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

36 (1) Projects that reduce, manage, treat, or capture stormwater  
37 to improve water quality and, wherever possible, improve water  
38 supply.

39 (2) Stormwater resource management plans and related enhanced  
40 watershed management plans.

1 (3) Decision support tools to evaluate the benefits and costs of  
2 multiple benefit stormwater projects.

3 (4) Projects that, in addition to improving water quality, provide  
4 public benefits, such as augmentation of water supply, flood  
5 control, open space and recreation, and projects designed to mimic  
6 or restore natural watershed functions.

7 (b) The state board shall grant special consideration to plans or  
8 projects that provide multiple benefits such as water quality, water  
9 supply, flood control, natural lands, or recreation.

10 (c) The state board shall require not less than a 50-percent local  
11 cost share for grant funds, but may suspend or reduce the matching  
12 requirements for disadvantaged communities.

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

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

18 79756. From the funds described in Section 79750, twenty-five  
19 million dollars (\$25,000,000) shall be available to the Department  
20 of Conservation for competitive grants for qualified special districts  
21 and nonprofit organizations for projects that reduce or manage  
22 runoff from agricultural lands for the benefit of surface and  
23 groundwater quality.

24 79758. From the funds described in Section 79750, four  
25 hundred million dollars (\$400,000,000) shall be available to reduce  
26 the risk of levee failure and flood in the Delta for any of the  
27 following:

28 (a) Local assistance under the Delta levee maintenance  
29 subventions program under Part 9 (commencing with Section  
30 12980) of Division 6, as that part may be amended.

31 (b) Special flood protection projects under Chapter 2  
32 (commencing with Section 12310) of Part 4.8 of Division 6, as  
33 that chapter may be amended.

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

37 (d) Emergency response and repair projects.

1 CHAPTER 6. WATER SYSTEM OPERATIONAL IMPROVEMENTS

2  
3 79760. The sum of one billion dollars (\$1,000,000,000) shall  
4 be available to the commission for water system operational  
5 improvements that meet the requirements of this section, including  
6 all of the following:

7 (a) Projects shall be selected by the commission through a  
8 competitive public process that ranks projects based on the  
9 expected public benefits received for public investment.

10 (b) Eligible projects consist only of the following:

11 (1) Surface storage projects identified in the CALFED Bay-Delta  
12 Programmatic Record of Decision, dated August 28, 2000, except  
13 that projects at Lake Shasta shall not be eligible.

14 (2) Groundwater storage projects and groundwater  
15 contamination prevention or remediation projects that augment  
16 groundwater supplies, and improve the long-term sustainability  
17 of groundwater resources, including reducing overdraft.

18 (3) Conjunctive use and reservoir reoperation projects including  
19 associated infrastructure.

20 (4) Projects that restore the capacity of reservoirs currently  
21 impaired by sediment buildup or other impairment.

22 (5) Projects that result in a permanent reduction of water  
23 exported from the Delta and a transfer of the equivalent water right  
24 to instream flow pursuant to Section 1707. Priority shall be given  
25 to projects that also result in the permanent elimination of irrigation  
26 runoff contributing to salinity in the San Joaquin Valley.

27 (6) Recycled water storage facilities.

28 (c) A project shall not be funded unless it provides measurable  
29 improvements to the Delta ecosystem.

30 (d) Funds allocated pursuant to this section may be expended  
31 solely for the following public benefits:

32 (1) Ecosystem improvements, including, but not limited to,  
33 changing timing of diversions, improvement in flow conditions,  
34 temperature, or other benefits that contribute to restoration of  
35 aquatic ecosystems and native fish and wildlife.

36 (2) Water quality improvements in the Delta or in other river  
37 systems that provide significant public trust resources or that clean  
38 up and restore groundwater resources.

1 (3) Flood control benefits, including, but not limited to, increases  
2 in flood reservation space in existing reservoirs by exchange for  
3 existing or increased water storage benefits.

4 (e) The commission, in consultation with the Department of  
5 Fish and Wildlife, the state board, and the department, shall  
6 develop and adopt, by regulation, methods for quantification and  
7 management of public benefits. The regulations shall include  
8 priorities and relative environmental value of ecosystem benefits  
9 provided by the Department of Fish and Wildlife and the priorities  
10 and relative environmental value of water quality benefits as  
11 provided by the state board.

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

16 79762. No funds available pursuant to Section 79760 may be  
17 allocated to a project until the commission approves the project  
18 based on the following determinations:

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

22 (b) The department has entered into a contract with each party  
23 that will derive benefits, other than public benefits, from the project  
24 that ensures the party will pay its share of the total costs of the  
25 project. The benefits available to a party shall be consistent with  
26 that party's share of total project costs.

27 (c) The department has entered into a contract with the  
28 Department of Fish and Wildlife and the state board, after those  
29 agencies have made a finding that the public benefits of the project  
30 for which that agency is responsible meet all the requirements of  
31 this chapter, to ensure that public contributions of funds pursuant  
32 to this chapter achieve the public benefits identified for the project.

33 (d) The commission has held a public hearing for the purposes  
34 of providing an opportunity for the public to review and comment  
35 on the information required to be prepared pursuant to this section.

36 (e) All of the following conditions are met:

37 (1) Feasibility studies have been completed.

38 (2) The commission has found and determined that the project  
39 is feasible, is consistent with all applicable laws and regulations,  
40 and will advance the long-term objectives of restoring ecological

1 health and improving water management, including the beneficial  
2 uses of the Delta.

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

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

10 79764. (a) The public benefit cost share of a project funded  
11 pursuant to this chapter may not exceed 50 percent of the total cost  
12 of the project.

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

16

17 CHAPTER 7. GENERAL PROVISIONS

18

19 79770. The proceeds of bonds issued and sold pursuant to this  
20 division shall be deposited in the Safe Drinking Water, Water  
21 Quality, and Flood Protection Fund of 2014, which is hereby  
22 created in the State Treasury. Moneys in the fund shall be available,  
23 upon appropriation by the Legislature, in the manner and for the  
24 purposes set forth in this division.

25 79772. An amount that equals not more than 5 percent of the  
26 funds allocated for a program pursuant to this division may be  
27 used to pay the administrative costs of that program.

28 79774. Up to 10 percent of funds allocated for each program  
29 funded by this division may be used to finance planning and  
30 monitoring necessary for the successful design, selection, and  
31 implementation of the projects authorized under that program.  
32 This section shall not otherwise restrict funds ordinarily used by  
33 an agency for “preliminary plans,” “working drawings,” and  
34 “construction” as defined in the annual Budget Act for a capital  
35 outlay project or grant project. Water quality monitoring shall be  
36 integrated into the surface water ambient monitoring program  
37 administered by the state board.

38 79776. Chapter 3.5 (commencing with Section 11340) of Part  
39 1 of Division 3 of Title 2 of the Government Code does not apply  
40 to the development or implementation of programs or projects

1 authorized or funded under this division other than Chapter 6  
2 (commencing with Section 79760).

3 79778. (a) Prior to disbursing grants pursuant to this division,  
4 each state agency that is required to administer a competitive grant  
5 program under this division shall develop project solicitation and  
6 evaluation guidelines. The guidelines may include a limitation on  
7 the dollar amount of grants to be awarded.

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

19 (c) Projects funded with proceeds from this division shall  
20 promote state planning priorities consistent with the provisions of  
21 Section 65041.1 of the Government Code and sustainable  
22 communities strategies consistent with the provisions of  
23 subparagraph (B) of paragraph (2) of subdivision (b) of Section  
24 65080 of the Government Code.

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

39 (e) In implementing subdivision (a) of Section 79734, the Delta  
40 Conservancy shall coordinate, cooperate, and consult with the city

1 or county in which a grant is proposed to be expended or an interest  
2 in real property is proposed to be acquired and with the Delta  
3 Protection Commission. Acquisitions pursuant to subdivision (a)  
4 of Section 79734 shall be from willing sellers only.

5 (f) In implementing subdivision (a) of Section 79734, the Delta  
6 Conservancy shall require grantees to demonstrate how local  
7 economic impacts, including impacts related to the loss of  
8 agricultural lands, will be mitigated.

9 (g) Funds provided by this division shall not be used to acquire  
10 land via eminent domain. Funds from this division may be used  
11 to acquire property from willing sellers.

12 (h) Restoration and ecosystem protection projects funded by  
13 this division shall use the services of the California Conservation  
14 Corps or certified community conservation corps, as defined in  
15 Section 14507.5 of the Public Resources Code, whenever feasible.

16 (i) In implementing subdivision (b) of Section 79734, priority  
17 shall be given to projects that fulfill the obligations of the State of  
18 California in complying with the terms of any of the following:

19 (1) The February 18, 2010, Klamath Basin Restoration  
20 Agreement.

21 (2) Quantification Settlement Agreement, as defined in  
22 subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.

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

25 (4) Refuge water supply acquisition pursuant to the Central  
26 Valley Project Improvement Act, as defined in Section 3404(d)(3)  
27 of Title 34 of Public Law 102-575.

28 (5) Other state settlements and interstate compacts.

29 (j) In implementing Section 79752, the department may  
30 authorize the establishment of a trust fund, consistent with Section  
31 79044, for the purpose of maintaining any lands acquired for the  
32 purposes of Section 79752.

33 (k) It is the intent of the Legislature that California's working  
34 agricultural landscapes be preserved wherever possible. To the  
35 extent feasible, watershed objectives included in this division  
36 should be achieved through use of conservation easements and  
37 voluntary landowner participation, including, but not limited to,  
38 the use of easements pursuant to Division 10.4 (commencing with  
39 Section 10330) and Division 10.2 (commencing with Section

1 10200) of the Public Resources Code and voluntary habitat credit  
2 exchange mechanisms.

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

8 79780. It is the intent of the people that:

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

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

16 79782. The State Auditor shall annually conduct a  
17 programmatic review and an audit of expenditures from the fund.  
18 The State Auditor shall report its findings annually on or before  
19 March 1 to the Governor and the Legislature, and shall make the  
20 findings available to the public.

21 79784. Funds provided by this division shall not be used to  
22 support or pay for the costs of environmental mitigation measures  
23 or compliance obligations of any party except as part of the  
24 environmental mitigation costs of projects financed by this division.  
25 Funds provided by this division may be used for environmental  
26 enhancements or other public benefits.

27 79786. Funds provided by this division shall not be expended  
28 to pay costs associated with design, construction, operation,  
29 maintenance, or mitigation of new Delta conveyance facilities.

30 79788. The Legislature may enact legislation necessary to  
31 implement programs funded by this division.

32 79790. Eligible applicants under this division are public  
33 agencies, nonprofit organizations, public utilities, and mutual water  
34 companies. To be eligible for funding under this division, a project  
35 proposed by a public utility that is regulated by the Public Utilities  
36 Commission or a mutual water company shall have a clear and  
37 definite public purpose and shall benefit the customers of the water  
38 system.

39 79792. (a) This division does not diminish, impair, or  
40 otherwise affect in any manner whatsoever any area of origin,

1 watershed of origin, county of origin, or any other water rights  
2 protections, including, but not limited to, rights to water  
3 appropriated prior to December 19, 1914, provided under the law.  
4 This division does not limit or otherwise affect the application of  
5 Article 1.7 (commencing with Section 1215) of Chapter 1 of Part  
6 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461,  
7 11462, and 11463, and Sections 12200 to 12220, inclusive.

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

16 (c) Nothing in this division supersedes, limits, or otherwise  
17 modifies the applicability of Chapter 10 (commencing with Section  
18 1700) of Part 2 of Division 2, including petitions related to any  
19 new conveyance constructed or operated in accordance with  
20 Chapter 2 (commencing with Section 85320) of Part 4 of Division  
21 35.

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

32 (e) Nothing in this division limits or otherwise affects the  
33 application of Chapter 2 (commencing with Section 85320) of Part  
34 4 of Division 35.

35 (f) Nothing in this division shall be construed to affect the  
36 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing  
37 with Section 5093.50) of Division 5 of the Public Resources Code)  
38 and funds available pursuant to this division shall not be available  
39 for any project that could have an adverse effect on the free flowing

1 condition of a wild and scenic river or any other river afforded  
2 protections pursuant to the California Wild and Scenic Rivers Act.

3

4

CHAPTER 8. FISCAL PROVISIONS

5

6 79820. (a) Bonds in the total amount of six billion four hundred  
7 seventy-five million dollars (\$6,475,000,000), or so much thereof  
8 as is necessary, not including the amount of any refunding bonds  
9 issued in accordance with Section 79840 may be issued and sold  
10 to provide a fund to be used for carrying out the purposes expressed  
11 in this division and to reimburse the General Obligation Bond  
12 Expense Revolving Fund pursuant to Section 16724.5 of the  
13 Government Code. The bonds, when sold, shall be and constitute  
14 a valid and binding obligation of the State of California, and the  
15 full faith and credit of the State of California is hereby pledged  
16 for the punctual payment of both principal of, and interest on, the  
17 bonds as the principal and interest become due and payable.

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

23 79822. The bonds authorized by this division shall be prepared,  
24 executed, issued, sold, paid, and redeemed as provided in the State  
25 General Obligation Bond Law (Chapter 4 (commencing with  
26 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
27 Code), and all of the provisions of that law apply to the bonds and  
28 to this division and are hereby incorporated in this division as  
29 though set forth in full in this division, except subdivisions (a) and  
30 (b) of Section 16727 of the Government Code.

31 79824. (a) Solely for the purpose of authorizing the issuance  
32 and sale pursuant to the State General Obligation Bond Law  
33 (Chapter 4 (commencing with Section 16720) of Part 3 of Division  
34 4 of Title 2 of the Government Code) of the bonds authorized by  
35 this division, the Safe Drinking Water, Water Quality, and Flood  
36 Protection Finance Committee is hereby created. For purposes of  
37 this division, the Safe Drinking Water, Water Quality, and Flood  
38 Protection Finance Committee is “the committee” as that term is  
39 used in the State General Obligation Bond Law. The committee  
40 consists of the Director of Finance, the Treasurer, the Controller,

1 the Director of Water Resources, and the Secretary of the Natural  
2 Resources Agency, or their designated representatives. The  
3 Treasurer shall serve as chairperson of the committee. A majority  
4 of the committee may act for the committee.

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

7 79826. The committee shall determine whether or not it is  
8 necessary or desirable to issue bonds authorized pursuant to this  
9 division in order to carry out the actions specified in this division  
10 and, if so, the amount of bonds to be issued and sold. Successive  
11 issues of bonds may be authorized and sold to carry out those  
12 actions progressively, and it is not necessary that all of the bonds  
13 authorized to be issued be sold at any one time.

14 79828. There shall be collected each year and in the same  
15 manner and at the same time as other state revenue is collected,  
16 in addition to the ordinary revenues of the state, a sum in an amount  
17 required to pay the principal of, and interest on, the bonds each  
18 year. It is the duty of all officers charged by law with any duty in  
19 regard to the collection of the revenue to do and perform each and  
20 every act that is necessary to collect that additional sum.

21 79830. Notwithstanding Section 13340 of the Government  
22 Code, there is hereby appropriated from the General Fund in the  
23 State Treasury, for the purposes of this division, an amount that  
24 will equal the total of the following:

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

28 (b) The sum necessary to carry out Section 79832, appropriated  
29 without regard to fiscal years.

30 79832. For the purposes of carrying out this division, the  
31 Director of Finance may authorize the withdrawal from the General  
32 Fund of an amount not to exceed the amount of the unsold bonds  
33 that have been authorized by the committee to be sold for the  
34 purpose of carrying out this division less any amount borrowed  
35 pursuant to Section 79807. Any amounts withdrawn shall be  
36 deposited in the fund. Any money made available under this section  
37 shall be returned to the General Fund from proceeds received from  
38 the sale of bonds for the purpose of carrying out this division.

39 79834. All money deposited in the fund that is derived from  
40 premium and accrued interest on bonds sold shall be reserved in

1 the fund and shall be available for transfer to the General Fund as  
2 a credit to expenditures for bond interest, except that amounts  
3 derived from premium may be reserved and used to pay the cost  
4 of bond issuance prior to any transfer to the General Fund.

5 79836. Pursuant to Chapter 4 (commencing with Section  
6 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
7 the cost of bond issuance shall be paid out of the bond proceeds,  
8 including premium, if any. To the extent the cost of bond issuance  
9 is not paid from premiums received from the sale of bonds, the  
10 cost shall be shared proportionally by each program funded through  
11 this division by the applicable bond sale.

12 79838. The board may request the Pooled Money Investment  
13 Board to make a loan from the Pooled Money Investment Account,  
14 in accordance with Section 16312 of the Government Code for the  
15 purpose of carrying out this division less any amount withdrawn  
16 pursuant to Section 79832. The amount of the request shall not  
17 exceed the amount of the unsold bonds that the committee, by  
18 resolution, has authorized to be sold for the purpose of carrying  
19 out this division. The board shall execute any documents required  
20 by the Pooled Money Investment Board to obtain and repay the  
21 loan. Any amounts loaned shall be deposited in the fund to be  
22 allocated in accordance with this division.

23 79840. The bonds issued and sold pursuant to this division  
24 may be refunded in accordance with Article 6 (commencing with  
25 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
26 the Government Code, which is a part of the State General  
27 Obligation Bond Law. Approval by the voters of the state for the  
28 issuance of the bonds under this division shall include the approval  
29 of the issuance of any bonds issued to refund any bonds originally  
30 issued under this division or any previously issued refunding bonds.

31 79842. Notwithstanding any other provision of this division,  
32 or of the State General Obligation Bond Law, if the Treasurer sells  
33 bonds pursuant to this division that include a bond counsel opinion  
34 to the effect that the interest on the bonds is excluded from gross  
35 income for federal tax purposes, under designated conditions or  
36 is otherwise entitled to any federal tax advantage, the Treasurer  
37 may maintain separate accounts for the investment of bond  
38 proceeds and for the investment of earnings on those proceeds.  
39 The Treasurer may use or direct the use of those proceeds or  
40 earnings to pay any rebate, penalty, or other payment required

1 under federal law or take any other action with respect to the  
2 investment and use of those bond proceeds required or desirable  
3 under federal law to maintain the tax exempt status of those bonds  
4 and to obtain any other advantage under federal law on behalf of  
5 the funds of this state.

6 79844. The proceeds from the sale of bonds authorized by this  
7 division are not “proceeds of taxes” as that term is used in Article  
8 XIII B of the California Constitution, and the disbursement of  
9 these proceeds is not subject to the limitations imposed by that  
10 article.

11 SEC. 3. Section 1 of Chapter 74 of the Statutes of 2012 is  
12 repealed.

13 ~~SECTION 1. Section 2 of Chapter 3 of the Statutes of 2009,~~  
14 ~~Seventh Extraordinary Session, as amended by Section 7 of Chapter~~  
15 ~~126 of the Statutes of 2010, is amended to read:~~

16 ~~Sec. 2. Section 1 of this act shall be submitted to the voters at~~  
17 ~~the November 4, 2014, statewide general election, instead of the~~  
18 ~~November 6, 2012, statewide general election, in accordance with~~  
19 ~~provisions of the Government Code and the Elections Code~~  
20 ~~governing the submission of a statewide measure to the voters.~~

21 SEC. 4. Section 2 of this act shall be submitted to the voters  
22 at the November 4, 2014, statewide general election in accordance  
23 with provisions of the Government Code and the Elections Code  
24 governing the submission of a statewide measure to the voters.

25 SEC. 5. Section 2 of this act shall take effect upon the approval  
26 by the voters of the Safe Drinking Water, Water Quality, and Flood  
27 Protection Act of 2014, as set forth in that section at the November  
28 4, 2014, statewide general election.

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

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