

**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~~ *water supply* 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 amended, Wolk. Safe Drinking Water, Water Quality, and ~~Flood Protection~~ *Water Supply* 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~~ *Water Supply* Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of ~~\$6,475,000,000~~ \$6,825,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water, water quality, and ~~flood protection~~ *water supply* program.

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

*(3) Existing law, the Water Conservation and Water Quality Bond Law of 1986, approved by the voters at the June 3, 1986, statewide primary election, authorizes the issuance of general obligation bonds in the amount of \$150,000,000 for the Department of Water Resources to make prescribed loans to local agencies for the purposes of financing a water conservation and water quality program. Existing law, the Water Conservation Bond Law of 1988, approved by the voters at the November 8, 1988, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$60,000,000 for the Department of Water Resources to make prescribed loans to local agencies for the purposes of financing a water conservation program. Existing law, the Safe, Clean, Reliable Water Supply Act, a bond act approved by the voters as Proposition 204 at the November 5, 1996, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$995,000,000 for grants, loans, and direct expenditures for the purposes of financing a safe, clean, reliable water supply program. Existing law, the Costa-Machado Water Act of 2000, a bond act approved by the voters as Proposition 13 at the March 7, 2000, statewide primary election, authorizes the issuance of general obligation bonds in the amount of \$1,970,000,000 for grants, loans, and direct expenditures for the purposes of financing a safe drinking water, clean water, watershed protection, and flood protection program.*

*This bill would authorize the Legislature to appropriate funds from the above-described bond acts for grants and direct expenditures to accomplish prescribed purposes relating to water supply enhancement as described in the Safe Drinking Water, Water Quality, and Water Supply Act of 2014. This bill would provide for the submission of these provisions to the voters at the November 4, 2014, statewide general election.*

~~(3)~~

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

Vote:  $\frac{2}{3}$ . 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 WATER SUPPLY 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 Water Supply Act of*  
14     *2014.*

15  
16            *CHAPTER 2. FINDINGS AND DECLARATIONS*

17  
18     79705. *In placing this measure before the voters, the*  
19     *Legislature finds and declares that all of the following are in the*  
20     *public's interest:*

21     *(a) Ensuring that safe drinking water is available to all*  
22     *Californians.*

23     *(b) Protecting water quality and cleaning up contaminated*  
24     *water sources.*

25     *(c) Increasing water supply and water supply reliability.*

26     *(d) Assisting each region of the state in improving local water*  
27     *supply reliability and water quality.*

28     *(e) Resolving water-related conflicts, improving local and*  
29     *regional water self-sufficiency, and reducing reliance on imported*  
30     *water.*

31     *(f) Protecting the rivers, lakes, and streams of the state from*  
32     *pollution, loss of water quality, and destruction of fish and wildlife*  
33     *habitat.*

1     79706. *The Legislature further finds and declares that to*  
2 *achieve the public interest objectives under Section 79705, it is*  
3 *necessary to invest state resources in the following:*

4     (a) *Safe drinking water projects, especially projects addressing*  
5 *the needs of disadvantaged communities, and financing urgent*  
6 *public health emergency actions to ensure safe drinking water*  
7 *supplies.*

8     (b) *Wastewater treatment projects to keep contaminants out of*  
9 *rivers, lakes, streams, and coastal waters.*

10    (c) *Projects to enhance water supplies and increase water supply*  
11 *reliability through the following:*

12       (1) *Urban and agricultural water conservation and water use*  
13 *efficiency projects.*

14       (2) *Groundwater cleanup or pollution prevention in sources of*  
15 *drinking water.*

16       (3) *Water recycling projects.*

17       (4) *Projects to desalinate brackish and ocean water.*

18       (5) *Stormwater capture and reuse.*

19    (d) *Projects that improve Delta water quality, restore*  
20 *ecosystems, protect fish populations, and increase community*  
21 *sustainability.*

22    (e) *Projects that reduce the risk of levee failure and flood in the*  
23 *Delta.*

24    (f) *Projects to protect and restore watersheds and urban rivers,*  
25 *and address water quality deficiencies at state parks.*

26    (g) *Projects to develop additional water storage, both surface*  
27 *and groundwater storage, through the following:*

28       (1) *New surface storage projects.*

29       (2) *Groundwater storage projects and groundwater*  
30 *contamination prevention or remediation projects that create*  
31 *additional groundwater storage capacity.*

32       (3) *Projects that restore the capacity of reservoirs currently*  
33 *impaired by sediment buildup, seismic vulnerability, or other*  
34 *impairment.*

35  
36                   *CHAPTER 3. DEFINITIONS*  
37

38     79710. *Unless the context otherwise requires, the definitions*  
39 *set forth in this section govern the construction of this division, as*  
40 *follows:*

1 (a) “Commission” means the California Water Commission.

2 (b) “Committee” means the Safe Drinking Water, Water Quality,  
3 and Water Supply Finance Committee created by Section 79824.

4 (c) “Delta” means the Sacramento-San Joaquin Delta as defined  
5 in Section 85058.

6 (d) “Delta counties” means Contra Costa, Sacramento, San  
7 Joaquin, Solano, and Yolo counties.

8 (e) “Department” means the Department of Water Resources.

9 (f) “Director” means the Director of Water Resources.

10 (g) “Disadvantaged community” has the same meaning as set  
11 forth in subdivision (a) of Section 79505.5.

12 (h) “Fund” means the Safe Drinking Water, Water Quality, and  
13 Water Supply Fund of 2014 created by Section 79770.

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

18 (j) “Local match” and “matching funds” mean funds made  
19 available by nonstate sources, which may include, but are not  
20 limited to, donated services from nonstate sources.

21 (k) “Nonprofit organization” means an organization qualified  
22 to do business in California and qualified under Section 501(c)(3)  
23 of Title 26 of the United States Code.

24 (l) “Public agency” means a state agency or department, public  
25 water system, special district, joint powers authority, city, county,  
26 city and county, or other political subdivision of the state.

27 (m) “Secretary” means the Secretary of the Natural Resources  
28 Agency.

29 (n) “Severely disadvantaged community” has the same meaning  
30 as set forth in subdivision (n) of Section 116760.20 of the Health  
31 and Safety Code.

32 (o) “State board” means the State Water Resources Control  
33 Board.

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

1        *CHAPTER 4. SAFE DRINKING WATER AND WATER QUALITY*  
2                                    *PROJECTS*

3  
4        79720. (a) *It is the intent of the Legislature that this chapter*  
5 *provide funds to address the most critical water needs of the state,*  
6 *including the provision of safe drinking water to all Californians*  
7 *by improving safe drinking water supply reliability and financing*  
8 *urgent public health emergency actions to ensure safe drinking*  
9 *water supplies, and implementing wastewater treatment projects*  
10 *to keep contaminants out of rivers, lakes, streams, groundwater,*  
11 *and coastal waters.*

12        (b) *The sum of nine hundred million dollars (\$900,000,000)*  
13 *shall be available for the purposes of this chapter.*

14        79722. (a) *From the funds described in Section 79720, four*  
15 *hundred million dollars (\$400,000,000) shall be available to the*  
16 *state board for grants and loans for public water system*  
17 *infrastructure improvements and related actions to meet safe*  
18 *drinking water standards and ensure affordable drinking water.*  
19 *Priority shall be given to projects that provide treatment for*  
20 *contamination or access to alternative drinking water sources for*  
21 *small water systems or state small water systems serving*  
22 *disadvantaged communities whose drinking water source is*  
23 *impaired by chemical and nitrate contaminants and other health*  
24 *hazards identified by the state board. Eligible recipients either*  
25 *operate small water systems or state small water systems in*  
26 *disadvantaged communities. The state board may make grants for*  
27 *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*  
35 *shall be limited to five million dollars (\$5,000,000) per project,*  
36 *except that the state board may set a limit of not more than twenty*  
37 *million dollars (\$20,000,000) for projects that provide regional*  
38 *or shared solutions among multiple entities, at least one of which*  
39 *is a small disadvantaged community. Not more than 25 percent of*  
40 *a grant may be awarded in advance of actual expenditures.*

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

7     ***(d) Of the funds available pursuant to subdivision (c), 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 water systems and state small water***  
12    ***systems.***

13    ***79724. From the funds described in Section 79720, one hundred***  
14    ***million dollars (\$100,000,000) shall be available to the state board***  
15    ***for grants and direct expenditures to finance urgent public health***  
16    ***emergency actions to ensure that safe drinking water supplies are***  
17    ***available to all Californians. Eligible actions include, but are not***  
18    ***limited to, the following:***

19    ***(a) Providing interim water supplies, including, but not limited***  
20    ***to, bottled water, where necessary to protect public health.***

21    ***(b) Improvements in existing water systems, including, but not***  
22    ***limited to, planning, design, and construction of improvements***  
23    ***necessary to resume delivery of safe drinking water.***

24    ***(c) Establishing connections to an adjacent water system.***

25    ***(d) Design, purchase, installation, and operation and***  
26    ***maintenance of interim water treatment equipment and systems.***

27    ***79726. (a) From the funds described in Section 79720, four***  
28    ***hundred million dollars (\$400,000,000) shall be available to the***  
29    ***state board for deposit in the Small Communities Grant Subaccount***  
30    ***for grants for wastewater treatment projects to keep contaminants***  
31    ***out of rivers, lakes, streams, groundwater, and coastal waters,***  
32    ***and for other projects to protect the public and fish and wildlife***  
33    ***from contaminated sources of water. Priority shall be given to***  
34    ***projects that serve disadvantaged communities and severely***  
35    ***disadvantaged communities, and to projects that address public***  
36    ***health hazards. Special consideration shall be given to small***  
37    ***communities with limited financial resources. Projects shall***  
38    ***include, but not be limited to, projects that identify, plan, design,***  
39    ***and implement regional mechanisms to consolidate wastewater***  
40    ***systems or provide affordable treatment technologies.***

(b) From the funds available pursuant to subdivision (a), 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 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.

CHAPTER 5. WATER SUPPLY ENHANCEMENT PROJECTS

79730. (a) It is the intent of the Legislature that this chapter provide funds to enhance water supplies and increase water supply reliability.

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

79731. (a) From the funds described in Section 79730, one billion five hundred million dollars (\$1,500,000,000) shall be available to the department for competitive 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) Water recycling projects.

(5) The repair or replacement of aging water management infrastructure in disadvantaged communities.

(6) Other integrated water infrastructure projects that address one or more water management activities and improve the reliability or quality of regional water supplies.



1     ***(b) Projects funded pursuant to this section shall require a local***  
2 *match of not less than 25 percent of project costs, except the*  
3 *department may suspend or reduce cost share requirements for*  
4 *projects serving disadvantaged communities or that result in a*  
5 *direct reduction in water imported from the Delta.*

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

8     ***(1) Have an adopted integrated regional water management***  
9 *plan.*

10    ***(2) Each urban and agricultural water supplier that would***  
11 *benefit from a project shall adopt and submit an urban or*  
12 *agricultural water management plan in accordance with the Urban*  
13 *Water Management Planning Act (Part 2.6 (commencing with*  
14 *Section 10610) of Division 6) or the Agricultural Water*  
15 *Management Planning Act (Part 2.8 (commencing with Section*  
16 *10800) of Division 6). Urban or agricultural water management*  
17 *plans shall be certified by the department as meeting the*  
18 *requirements of the Urban Water Management Planning Act or*  
19 *the Agricultural Water Management Planning Act, and Sections*  
20 *10608.56 and 10631.5, as those provisions may be amended.*

21    ***(3) Each local agency whose service area includes a***  
22 *groundwater basin or subbasin that would benefit from a*  
23 *groundwater management project shall adopt and submit a*  
24 *groundwater management plan in accordance with Part 2.75*  
25 *(commencing with Section 10750) of Division 6. Groundwater*  
26 *management plans shall be certified by the department as meeting*  
27 *the requirements of Part 2.75 (commencing with Section 10750)*  
28 *of Division 6, as that part may be amended.*

29    ***(4) (A) Have a water budget that describes local and imported***  
30 *water supplies and uses in sufficient detail to inform long-term*  
31 *efforts towards sustainable water management, and, where*  
32 *applicable, include a description of any measures anticipated to*  
33 *reduce the amount of water imported to the region in the future.*

34    ***(B) The department shall develop guidelines for compliance***  
35 *with this paragraph.*

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

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

1     79732. *The California Water Commission shall review the*  
2 *implementation of Section 79731 and shall certify that requirements*  
3 *for grant eligibility pursuant to that section are met prior to the*  
4 *department making final grant awards.*

5     79733. *Of the funds available pursuant to Section 79731, one*  
6 *billion four hundred million dollars (\$1,400,000,000) shall be*  
7 *allocated to hydrologic regions as identified in the California*  
8 *Water Plan and listed below. For the South Coast Region, the*  
9 *department shall establish three subregions that reflect the San*  
10 *Diego County watersheds, the Santa Ana River watershed, and*  
11 *the Los Angeles-Ventura County watersheds respectively, and*  
12 *allocate funds to those subregions. The North and South Lahontan*  
13 *regions shall be treated as one region for the purpose of allocating*  
14 *funds, but the department may require separate regional plans.*  
15 *Funds available pursuant to this section shall be allocated in*  
16 *accordance with the following schedule:*

- 17     (a) *North Coast: \$65,000,000.*
- 18     (b) *San Francisco Bay: \$195,000,000.*
- 19     (c) *Central Coast: \$85,000,000.*
- 20     (d) *Los Angeles subregion: \$284,000,000.*
- 21     (e) *Santa Ana subregion: \$174,000,000.*
- 22     (f) *San Diego subregion: \$138,000,000.*
- 23     (g) *Sacramento River: \$118,000,000.*
- 24     (h) *San Joaquin River: \$98,000,000.*
- 25     (i) *Tulare/Kern (Tulare Lake): \$102,000,000.*
- 26     (j) *North/South Lahontan: \$74,000,000.*
- 27     (k) *Colorado River Basin: \$67,000,000.*

28     79734. (a) *From the funds described in Section 79731, one*  
29 *hundred million dollars (\$100,000,000) shall be available for*  
30 *grants for projects that significantly advance the application and*  
31 *effectiveness of innovative integrated regional water management*  
32 *strategies, including, but not limited to, the following:*

- 33     (1) *Tools to model future regional climate change impacts.*
- 34     (2) *Groundwater management plans and projects that further*  
35 *sustainable groundwater management.*

36     (3) *Other projects determined by the department to advance*  
37 *innovative strategies for the integration of water management.*

38     (b) *The department shall give priority to projects that address*  
39 *groundwater overdraft and related impacts, including, but not*  
40 *limited to, subsidence.*

1     79735. (a) From the funds described in Section 79730, five  
2     hundred million dollars (\$500,000,000) shall be available to the  
3     state board for competitive grants for projects that develop,  
4     implement, or improve a stormwater capture and reuse plan  
5     consistent with Part 2.3 (commencing with Section 10560) of  
6     Division 6, as that part may be amended, and that capture and put  
7     to beneficial use stormwater or dry weather runoff.

8     (b) Stormwater capture and reuse projects developed pursuant  
9     to an adopted integrated regional water management plan in  
10    compliance with Part 2.2 (commencing with Section 10530) of  
11    Division 6 are also eligible for funding under this section if those  
12    projects were identified and developed in substantive compliance  
13    with Part 2.3 (commencing with Section 10560) of Division 6, as  
14    those parts may be amended.

15    (c) Projects eligible for funding under this section shall assist  
16    in the capture and reuse of stormwater or dry weather runoff.  
17    Eligible projects include any of the following:

18    (1) Projects that capture, convey, treat, or put to beneficial use  
19    stormwater or dry weather runoff.

20    (2) The development of stormwater capture and reuse plans  
21    pursuant to Part 2.3 (commencing with Section 10560) of Division  
22    6, as that part may be amended.

23    (3) Decision support tools, data acquisition, and data analysis  
24    to identify and evaluate the benefits and costs of potential  
25    stormwater capture and reuse projects.

26    (4) Projects that, in addition to capturing and reusing  
27    stormwater or dry weather runoff, improve water quality, provide  
28    public benefits, such as augmentation of water supply, flood  
29    control, open space and recreation, and projects designed to mimic  
30    or restore natural watershed functions.

31    (d) The state board shall grant special consideration to plans  
32    or projects that provide multiple benefits such as water quality,  
33    water supply, flood control, natural lands, or recreation.

34    (e) The state board shall require a 25-percent local cost share  
35    for grant funds, but may suspend or reduce the matching  
36    requirements for projects that capture or reuse stormwater or dry  
37    weather runoff in disadvantaged communities.

## CHAPTER 6. DELTA

79740. (a) *It is the intent of the Legislature that this chapter provide funds to help implement the following:*

(1) *Projects to protect, restore, and enhance the Delta ecosystem in a manner that protects and enhances the unique cultural, recreational, natural resource, and agricultural values of the Delta as an evolving place.*

(2) *Projects to protect the integrity of Delta levees to safeguard the ability to move water through the Delta while simultaneously protecting and enhancing the unique cultural, recreational, natural resource, and agricultural values of the Delta as an evolving place.*

(b) *The sum of one billion two hundred million dollars (\$1,200,000,000) shall be available for the purposes of this chapter.*

79742. (a) *From the funds described in Section 79740, eight hundred million dollars (\$800,000,000) shall be available to the Delta Conservancy for water quality, ecosystem restoration, fish protection facilities, 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, including projects in Delta counties that provide multiple public benefits and improve drinking or agricultural water quality or water supplies.*

(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.*

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

4     (b) *Of the funds available pursuant to subdivision (a), not less*  
5 *than five hundred million dollars (\$500,000,000) shall be made*  
6 *available for purposes of paragraphs (1) and (2) of subdivision*  
7 *(a).*

8     79744. *From the funds described in Section 79740, four*  
9 *hundred million dollars (\$400,000,000) shall be available to reduce*  
10 *the risk of levee failure and flood in the Delta for any of the*  
11 *following:*

12     (a) *Local assistance under the Delta levee maintenance*  
13 *subventions program under Part 9 (commencing with Section*  
14 *12980) of Division 6, as that part may be amended.*

15     (b) *Special flood protection projects under Chapter 2*  
16 *(commencing with Section 12310) of Part 4.8 of Division 6, as*  
17 *that chapter may be amended.*

18     (c) *Levee improvement projects that increase the resiliency of*  
19 *levees within the Delta to withstand earthquake, flooding, or sea*  
20 *level rise.*

21     (d) *Emergency response and repair projects.*

22  
23     CHAPTER 7. *WATERSHED AND ECOSYSTEM IMPROVEMENT*  
24

25     79750. (a) *It is the intent of the Legislature that this chapter*  
26 *provide funds to protect and restore watersheds and urban rivers,*  
27 *and address water quality deficiencies at state parks.*

28     (b) *The sum of one billion seven hundred million dollars*  
29 *(\$1,700,000,000) shall be available for the purposes of this*  
30 *chapter.*

31     79752. *From the funds described in Section 79750, the sum of*  
32 *five hundred million dollars (\$500,000,000) shall be available for*  
33 *water quality, river, and watershed protection and restoration*  
34 *projects of statewide importance outside of the Delta. Funds*  
35 *provided by this section shall be allocated according to the*  
36 *following schedule:*

37     (a) *Two hundred fifty million dollars (\$250,000,000) to*  
38 *implement the Klamath Hydroelectric Settlement Agreement. Up*  
39 *to fifty million dollars (\$50,000,000) of the funds available*  
40 *pursuant to this subdivision may be made available for restoration*

1 *projects in California pursuant to the Klamath Basin Restoration*  
2 *Agreement if all of the funds available pursuant to this subdivision*  
3 *are not needed for dam removal projects.*

4 *(b) One hundred million dollars (\$100,000,000) for projects*  
5 *that help fulfill state obligations under the Quantification*  
6 *Settlement Agreement, as defined in subdivision (a) of Section 1*  
7 *of Chapter 617 of the Statutes of 2002.*

8 *(c) One hundred million dollars (\$100,000,000) for projects*  
9 *that help fulfill state obligations under the San Joaquin River*  
10 *Restoration Settlement, as described in Part I of Subtitle A of Title*  
11 *X of Public Law 111-11.*

12 *(d) Fifty million dollars (\$50,000,000) for projects that help*  
13 *fulfill state obligations under the Tahoe Regional Planning*  
14 *Compact pursuant to Section 66800 of the Government Code.*  
15 *Funds provided by this subdivision shall be approved pursuant to*  
16 *Title 7.42 (commencing with Section 66905) of the Government*  
17 *Code, as those provisions may be amended.*

18 *79754. From the funds described in Section 79750, the sum of*  
19 *eight hundred seventy-five million dollars (\$875,000,000) shall*  
20 *be available for projects that protect and improve California's*  
21 *watersheds, wetlands, forests, and floodplains.*

22 *(a) Funds available pursuant to this section shall be allocated*  
23 *as follows:*

- 24 *(1) Baldwin Hills Conservancy: \$10,000,000.*  
25 *(2) California Tahoe Conservancy: \$30,000,000.*  
26 *(3) Coachella Valley Mountains Conservancy: \$20,000,000.*  
27 *(4) San Diego River Conservancy: \$10,000,000.*  
28 *(5) San Gabriel and Lower Los Angeles Rivers and Mountains*  
29 *Conservancy: \$40,000,000.*  
30 *(6) San Joaquin River Conservancy: \$20,000,000.*  
31 *(7) Santa Monica Mountains Conservancy: \$65,000,000.*  
32 *(8) Sierra Nevada Conservancy: \$65,000,000.*  
33 *(9) State Coastal Conservancy: \$350,000,000.*  
34 *(10) Wildlife Conservation Board: \$215,000,000.*  
35 *(11) California Ocean Protection Council: \$50,000,000.*

36 *(b) Of the funds allocated to the State Coastal Conservancy*  
37 *pursuant to paragraph (9) of subdivision (a), one hundred*  
38 *twenty-five million dollars (\$125,000,000) are available as follows:*

- 39 *(1) Fifty million dollars (\$50,000,000) shall be available for*  
40 *projects that help restore coastal salmonid populations.*

1     (2) *Seventy-five million dollars (\$75,000,000) shall be available*  
2 *for flood control projects on public lands that provide critical*  
3 *flood, water quality, and wetland ecosystem benefits to the San*  
4 *Francisco Bay region.*

5     79755. (a) *From the funds described in Section 79750, two*  
6 *hundred fifty million dollars (\$250,000,000) shall be available to*  
7 *the secretary for a competitive program to fund multibenefit*  
8 *watershed and urban rivers enhancement projects in urban*  
9 *watersheds, including watersheds that drain to the San Francisco*  
10 *Bay, that increase regional and local water self-sufficiency and*  
11 *that meet at least two or more of the following objectives:*

12     (1) *Promote groundwater recharge and water reuse.*  
13     (2) *Reduce energy consumption.*  
14     (3) *Use soils, plants, and natural processes to treat runoff.*  
15     (4) *Create or restore native habitat.*  
16     (5) *Increase regional and local resiliency and adaptability to*  
17 *climate change.*

18     (b) *The program described in subdivision (a) shall be*  
19 *implemented by state conservancies, the Wildlife Conservation*  
20 *Board, or other entities designated by the secretary whose*  
21 *jurisdiction includes urban watersheds. The projects are subject*  
22 *to a plan developed jointly by the conservancies, the Wildlife*  
23 *Conservation Board, or other designated entities in consultation*  
24 *with the secretary.*

25     (c) *At least 25 percent of the funds available pursuant to this*  
26 *section shall be allocated for projects that benefit disadvantaged*  
27 *communities.*

28     (d) *Up to 10 percent of the funds available pursuant to this*  
29 *section may be allocated for project planning.*

30     79756. *From the funds described in Section 79750, twenty*  
31 *million dollars (\$20,000,000) shall be available to the Department*  
32 *of Parks and Recreation to address public health deficiencies in*  
33 *drinking water and wastewater quality at state parks.*

34     79757. (a) *From the funds described in Section 79750, thirty*  
35 *million dollars (\$30,000,000) shall be available to the state board*  
36 *to fund watershed activities by resource conservation districts.*

37     (b) *To be eligible for the funding available pursuant to this*  
38 *section, the board of a resource conservation district shall be*  
39 *appointed by the local county board of supervisors.*

1     79758. *From the funds described in Section 79750, twenty-five*  
2 *million dollars (\$25,000,000) shall be available to the state board*  
3 *for competitive grants for special districts and nonprofit*  
4 *organizations for projects that reduce or manage runoff from*  
5 *agricultural lands for the benefit of surface and groundwater*  
6 *quality.*

7  
8                   *CHAPTER 8. WATER STORAGE PROJECTS*  
9

10     79760. (a) *It is the intent of the Legislature that this chapter*  
11 *provide funds to expand the existing capacity to store water in the*  
12 *state.*

13     (b) *The sum of one billion twenty-five million dollars*  
14 *(\$1,025,000,000) shall be available for the purposes of this*  
15 *chapter.*

16     79761. *From the funds described in Section 79760, one billion*  
17 *dollars (\$1,000,000,000) shall be available to the commission for*  
18 *water storage projects that meet the requirements of this section,*  
19 *including all of the following:*

20     (a) *Projects shall be selected by the commission through a*  
21 *competitive public process that ranks projects based on the*  
22 *expected public benefits received for public investment.*

23     (b) *Eligible projects consist only of the following:*

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

27     (2) *Groundwater storage projects and groundwater*  
28 *contamination prevention or remediation projects that create*  
29 *additional groundwater storage capacity.*

30     (3) *Conjunctive use and reservoir reoperation projects including*  
31 *associated infrastructure.*

32     (4) *Projects that restore the capacity of reservoirs currently*  
33 *impaired by sediment buildup, seismic vulnerability, or other*  
34 *impairment.*

35     (5) *Projects that result in a permanent reduction of water*  
36 *exported from the Delta and a transfer of the equivalent water*  
37 *right to instream flow pursuant to Section 1707. Priority shall be*  
38 *given to projects that also result in the permanent elimination of*  
39 *irrigation runoff contributing to salinity in the San Joaquin Valley.*

40     (6) *Recycled water storage facilities.*



1     (c) A project within the Delta watershed shall not be funded  
2 unless it provides measurable improvements to the Delta  
3 ecosystem.

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

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

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

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

16     (e) The commission, in consultation with the Department of  
17 Fish and Wildlife, the state board, and the department, shall  
18 develop and adopt, by regulation, methods for quantification and  
19 management of public benefits. The regulations shall include  
20 priorities and relative environmental value of ecosystem benefits  
21 provided by the Department of Fish and Wildlife and the priorities  
22 and relative environmental value of water quality benefits as  
23 provided by the state board.

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

28     (g) Any project constructed with funds provided by this section  
29 shall be subject to Section 11590.

30     79762. Funds available pursuant to Section 79761 shall not  
31 be allocated to a project until the commission approves the project  
32 based on the following determinations:

33         (a) The commission has adopted the regulations specified in  
34 Section 79761 and specifically quantified and made public the cost  
35 of the public benefits associated with the project.

36         (b) The department has entered into a contract with each party  
37 that will derive benefits, other than public benefits, from the project  
38 that ensures the party will pay its share of the total costs of the  
39 project. The benefits available to a party shall be consistent with  
40 that party's share of total project costs.

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

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

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

11 (1) Feasibility studies have been completed.

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

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

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

24 79764. The public benefit cost share of a project funded  
25 pursuant to this chapter shall not exceed 50 percent of the total  
26 cost of the project.

27 79766. From the funds described in Section 79760, twenty-five  
28 million dollars (\$25,000,000) shall be available to the department  
29 for studying the feasibility of additional surface storage projects.  
30 Funds provided by this section are not available to study the  
31 feasibility of any storage project identified in the CALFED  
32 Bay-Delta Programmatic Record of Decision, dated August 28,  
33 2000.

#### 34 35 CHAPTER 9. GENERAL PROVISIONS 36

37 79770. The proceeds of bonds issued and sold pursuant to this  
38 division shall be deposited in the Safe Drinking Water, Water  
39 Quality, and Water Supply Fund of 2014, which is hereby created  
40 in the State Treasury. Moneys in the fund shall be available, upon

1 *appropriation by the Legislature, in the manner and for the*  
2 *purposes set forth in this division.*

3 *79772. An amount that equals not more than 5 percent of the*  
4 *funds allocated for a program pursuant to this division may be*  
5 *used to pay the administrative costs of that program.*

6 *79774. Up to 10 percent of funds allocated for each program*  
7 *funded by this division may be used to finance planning and*  
8 *monitoring necessary for the successful design, selection, and*  
9 *implementation of the projects authorized under that program.*  
10 *This section shall not otherwise restrict funds ordinarily used by*  
11 *an agency for “preliminary plans,” “working drawings,” and*  
12 *“construction” as defined in the annual Budget Act for a capital*  
13 *outlay project or grant project. Water quality monitoring shall be*  
14 *integrated into the surface water ambient monitoring program*  
15 *administered by the state board.*

16 *79776. Chapter 3.5 (commencing with Section 11340) of Part*  
17 *1 of Division 3 of Title 2 of the Government Code does not apply*  
18 *to the development or implementation of programs or projects*  
19 *authorized or funded under this division other than Chapter 6*  
20 *(commencing with Section 79760).*

21 *79778. (a) Prior to disbursing grants pursuant to this division,*  
22 *each state agency that is required to administer a competitive*  
23 *grant program under this division shall develop project solicitation*  
24 *and evaluation guidelines. The guidelines may include a limitation*  
25 *on the dollar amount of grants to be awarded.*

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

37 *(c) Projects funded with proceeds from this division shall*  
38 *promote state planning priorities consistent with the provisions*  
39 *of Section 65041.1 of the Government Code and sustainable*  
40 *communities strategies consistent with the provisions of*

1 *subparagraph (B) of paragraph (2) of subdivision (b) of Section*  
2 *65080 of the Government Code.*

3 *(d) To the extent feasible, in implementing Section 79742, the*  
4 *Delta Conservancy shall seek to achieve wildlife conservation*  
5 *objectives through projects on public lands or voluntary projects*  
6 *on private lands. Funds available pursuant to Section 79742 may*  
7 *be used, in consultation with the Department of Fish and Wildlife,*  
8 *for payments to landowners for the creation of measurable habitat*  
9 *improvements or other improvements to the condition of*  
10 *endangered or threatened species. The Delta Conservancy may*  
11 *develop and implement a competitive habitat credit exchange*  
12 *mechanism in order to maximize voluntary landowner participation*  
13 *in projects that provide measurable habitat or species*  
14 *improvements in the Delta. These funds shall not be used to*  
15 *subsidize or decrease the mitigation obligations of any party.*

16 *(e) In implementing Section 79742, the Delta Conservancy shall*  
17 *coordinate, cooperate, and consult with the city or county in which*  
18 *a grant is proposed to be expended or an interest in real property*  
19 *is proposed to be acquired and with the Delta Protection*  
20 *Commission. Acquisitions pursuant to Section 79742 shall be from*  
21 *willing sellers only.*

22 *(f) In implementing Section 79742, the Delta Conservancy shall*  
23 *require grantees to demonstrate how local economic impacts,*  
24 *including impacts related to the loss of agricultural lands, will be*  
25 *mitigated.*

26 *(g) Funds provided by this division shall not be used to acquire*  
27 *land via eminent domain. Funds from this division may be used to*  
28 *acquire property from willing sellers.*

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

33 *(i) 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 79780. It is the intent of the people that:

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

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

11 79782. The State Auditor shall annually conduct a  
12 programmatic review and an audit of expenditures from the fund.  
13 The State Auditor shall report its findings annually on or before  
14 March 1 to the Governor and the Legislature, and shall make the  
15 findings available to the public.

16 79784. (a) Funds provided by this division shall not be used  
17 to support or pay for the costs of environmental mitigation  
18 measures or compliance obligations of any party except as part  
19 of the environmental mitigation costs of projects financed by this  
20 division. Funds provided by this division may be used for  
21 environmental enhancements or other public benefits.

22 (b) Funds provided by this division shall not be expended for  
23 the acquisition or transfer of water rights except for a permanent  
24 dedication of water approved in accordance with Section 1707  
25 where the state board specifies that the water is in addition to  
26 water that is required for regulatory requirements as provided in  
27 subdivision (c) of Section 1707. The requirement that a dedication  
28 of water be permanent shall not preclude the expenditure of funds  
29 provided by this division for the initiation of the dedication as a  
30 short-term or temporary urgency change, that is approved in  
31 accordance with Section 1707 and either Chapter 6.6 (commencing  
32 with Section 1435) of, or Chapter 10.5 (commencing with Section  
33 1725) of, Part 2 of Division 2, during the period required to  
34 prepare any environmental documentation and for approval of  
35 permanent dedication.

36 79786. Funds provided by this division shall not be expended  
37 to pay costs associated with design, construction, operation,  
38 maintenance, or mitigation of new Delta conveyance facilities.

39 79788. The Legislature may enact legislation necessary to  
40 implement programs funded by this division.

1     79790. *Eligible applicants under this division are public*  
2 *agencies, nonprofit organizations, public utilities, mutual water*  
3 *companies, and Indian tribes having a federally recognized*  
4 *governing body carrying out substantial governmental duties in,*  
5 *and powers over, any area. To be eligible for funding under this*  
6 *division, a project proposed by a public utility that is regulated*  
7 *by the Public Utilities Commission or a mutual water company*  
8 *shall have a clear and definite public purpose and shall benefit*  
9 *the customers of the water system.*

10    79792. (a) *This division does not diminish, impair, or*  
11 *otherwise affect in any manner whatsoever any area of origin,*  
12 *watershed of origin, county of origin, or any other water rights*  
13 *protections, including, but not limited to, rights to water*  
14 *appropriated prior to December 19, 1914, provided under the law.*  
15 *This division does not limit or otherwise affect the application of*  
16 *Article 1.7 (commencing with Section 1215) of Chapter 1 of Part*  
17 *2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461,*  
18 *11462, and 11463, and Sections 12200 to 12220, inclusive.*

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

27    (c) *Nothing in this division supersedes, limits, or otherwise*  
28 *modifies the applicability of Chapter 10 (commencing with Section*  
29 *1700) of Part 2 of Division 2, including petitions related to any*  
30 *new conveyance constructed or operated in accordance with*  
31 *Chapter 2 (commencing with Section 85320) of Part 4 of Division*  
32 *35.*

33    (d) *Unless otherwise expressly provided, nothing in this division*  
34 *supersedes, reduces, or otherwise affects existing legal protections,*  
35 *both procedural and substantive, relating to the state board's*  
36 *regulation of diversion and use of water, including, but not limited*  
37 *to, water right priorities, the protection provided to municipal*  
38 *interests by Sections 106 and 106.5, and changes in water rights.*  
39 *Nothing in this division expands or otherwise alters the state*  
40 *board's existing authority to regulate the diversion and use of*

1 water or the courts' existing concurrent jurisdiction over California  
2 water rights.

3 (e) Nothing in this division limits or otherwise affects the  
4 application of Chapter 2 (commencing with Section 85320) of Part  
5 4 of Division 35.

6 (f) Nothing in this division shall be construed to affect the  
7 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing  
8 with Section 5093.50) of Division 5 of the Public Resources Code)  
9 and funds available pursuant to this division shall not be available  
10 for any project that could have an adverse effect on the free flowing  
11 condition of a wild and scenic river or any other river afforded  
12 protections pursuant to the California Wild and Scenic Rivers Act.

13  
14 *CHAPTER 10. FISCAL PROVISIONS*  
15

16 79820. (a) Bonds in the total amount of six billion eight  
17 hundred twenty-five million dollars (\$6,825,000,000), or so much  
18 thereof as is necessary, not including the amount of any refunding  
19 bonds issued in accordance with Section 79840 may be issued and  
20 sold to provide a fund to be used for carrying out the purposes  
21 expressed in this division and to reimburse the General Obligation  
22 Bond Expense Revolving Fund pursuant to Section 16724.5 of the  
23 Government Code. The bonds, when sold, shall be and constitute  
24 a valid and binding obligation of the State of California, and the  
25 full faith and credit of the State of California is hereby pledged  
26 for the punctual payment of both principal of, and interest on, the  
27 bonds as the principal and interest become due and payable.

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

33 79822. The bonds authorized by this division shall be prepared,  
34 executed, issued, sold, paid, and redeemed as provided in the State  
35 General Obligation Bond Law (Chapter 4 (commencing with  
36 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
37 Code), and all of the provisions of that law apply to the bonds and  
38 to this division and are hereby incorporated in this division as  
39 though set forth in full in this division, except subdivisions (a) and  
40 (b) of Section 16727 of the Government Code.

1       79824. (a) Solely for the purpose of authorizing the issuance  
2 and sale pursuant to the State General Obligation Bond Law  
3 (Chapter 4 (commencing with Section 16720) of Part 3 of Division  
4 4 of Title 2 of the Government Code) of the bonds authorized by  
5 this division, the Safe Drinking Water, Water Quality, and Water  
6 Supply Finance Committee is hereby created. For purposes of this  
7 division, the Safe Drinking Water, Water Quality, and Water Supply  
8 Finance Committee is “the committee” as that term is used in the  
9 State General Obligation Bond Law. The committee consists of  
10 the Director of Finance, the Treasurer, the Controller, the Director  
11 of Water Resources, and the Secretary of the Natural Resources  
12 Agency, or their designated representatives. The Treasurer shall  
13 serve as chairperson of the committee. A majority of the committee  
14 may act for the committee.

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

17       79826. The committee shall determine whether or not it is  
18 necessary or desirable to issue bonds authorized pursuant to this  
19 division in order to carry out the actions specified in this division  
20 and, if so, the amount of bonds to be issued and sold. Successive  
21 issues of bonds may be authorized and sold to carry out those  
22 actions progressively, and it is not necessary that all of the bonds  
23 authorized to be issued be sold at any one time.

24       79828. There shall be collected each year and in the same  
25 manner and at the same time as other state revenue is collected,  
26 in addition to the ordinary revenues of the state, a sum in an  
27 amount required to pay the principal of, and interest on, the bonds  
28 each year. It is the duty of all officers charged by law with any  
29 duty in regard to the collection of the revenue to do and perform  
30 each and every act that is necessary to collect that additional sum.

31       79830. Notwithstanding Section 13340 of the Government  
32 Code, there is hereby appropriated from the General Fund in the  
33 State Treasury, for the purposes of this division, an amount that  
34 will equal the total of the following:

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

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



1     79832. For the purposes of carrying out this division, the  
2     Director of Finance may authorize the withdrawal from the  
3     General Fund of an amount not to exceed the amount of the unsold  
4     bonds that have been authorized by the committee to be sold for  
5     the purpose of carrying out this division less any amount borrowed  
6     pursuant to Section 79838. Any amounts withdrawn shall be  
7     deposited in the fund. Any money made available under this section  
8     shall be returned to the General Fund from proceeds received  
9     from the sale of bonds for the purpose of carrying out this division.

10    79834. All money deposited in the fund that is derived from  
11    premium and accrued interest on bonds sold shall be reserved in  
12    the fund and shall be available for transfer to the General Fund  
13    as a credit to expenditures for bond interest, except that amounts  
14    derived from premium may be reserved and used to pay the cost  
15    of bond issuance prior to any transfer to the General Fund.

16    79836. Pursuant to Chapter 4 (commencing with Section  
17    16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
18    the cost of bond issuance shall be paid out of the bond proceeds,  
19    including premium, if any. To the extent the cost of bond issuance  
20    is not paid from premiums received from the sale of bonds, the  
21    cost shall be shared proportionally by each program funded  
22    through this division by the applicable bond sale.

23    79838. The board may request the Pooled Money Investment  
24    Board to make a loan from the Pooled Money Investment Account,  
25    in accordance with Section 16312 of the Government Code for the  
26    purpose of carrying out this division less any amount withdrawn  
27    pursuant to Section 79832. The amount of the request shall not  
28    exceed the amount of the unsold bonds that the committee, by  
29    resolution, has authorized to be sold for the purpose of carrying  
30    out this division. The board shall execute any documents required  
31    by the Pooled Money Investment Board to obtain and repay the  
32    loan. Any amounts loaned shall be deposited in the fund to be  
33    allocated in accordance with this division.

34    79840. The bonds issued and sold pursuant to this division  
35    may be refunded in accordance with Article 6 (commencing with  
36    Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
37    the Government Code, which is a part of the State General  
38    Obligation Bond Law. Approval by the voters of the state for the  
39    issuance of the bonds under this division shall include the approval

1 *of the issuance of any bonds issued to refund any bonds originally*  
2 *issued under this division or any previously issued refunding bonds.*

3 *79842. Notwithstanding any other provision of this division,*  
4 *or of the State General Obligation Bond Law, if the Treasurer*  
5 *sells bonds pursuant to this division that include a bond counsel*  
6 *opinion to the effect that the interest on the bonds is excluded from*  
7 *gross income for federal tax purposes, under designated conditions*  
8 *or is otherwise entitled to any federal tax advantage, the Treasurer*  
9 *may maintain separate accounts for the investment of bond*  
10 *proceeds and for the investment of earnings on those proceeds.*  
11 *The Treasurer may use or direct the use of those proceeds or*  
12 *earnings to pay any rebate, penalty, or other payment required*  
13 *under federal law or take any other action with respect to the*  
14 *investment and use of those bond proceeds required or desirable*  
15 *under federal law to maintain the tax exempt status of those bonds*  
16 *and to obtain any other advantage under federal law on behalf of*  
17 *the funds of this state.*

18 *79844. The proceeds from the sale of bonds authorized by this*  
19 *division are not “proceeds of taxes” as that term is used in Article*  
20 *XIII B of the California Constitution, and the disbursement of these*  
21 *proceeds is not subject to the limitations imposed by that article.*

22 *SEC. 3. The Legislature may appropriate funds from any of*  
23 *the following sources for grants and direct expenditures to*  
24 *accomplish the purposes of Chapter 5 (commencing with Section*  
25 *79730) of Division 26.7 of the Water Code:*

26 *(a) Notwithstanding the Water Conservation and Water Quality*  
27 *Bond Law of 1986, the 1986 Water Conservation and Water*  
28 *Quality Bond Fund created pursuant to Section 13453 of the Water*  
29 *Code.*

30 *(b) Notwithstanding the Water Conservation Bond Law of 1988,*  
31 *the 1988 Water Conservation Fund created pursuant to Section*  
32 *12879.3 of the Water Code.*

33 *(c) Notwithstanding the Safe, Clean, Reliable Water Supply Act*  
34 *of 1996, the Safe, Clean, Reliable Water Supply Fund created*  
35 *pursuant to Section 78505 of the Water Code and any accounts*  
36 *therein.*

37 *(d) Notwithstanding the Costa-Machado Water Act of 2000, the*  
38 *Safe Drinking Water, Clean Water, Watershed Protection, and*  
39 *Flood Protection Bond Fund created pursuant to Section 79013*  
40 *of the Water Code and any accounts therein.*

1 *SEC. 4. Section 2 of Chapter 3 of the Seventh Extraordinary*  
2 *Session of the Statutes of 2009, as amended by Section 1 of Chapter*  
3 *74 of the Statutes of 2012, is repealed.*

4 *SEC. 5. Sections 2 and 3 of this act shall be submitted to the*  
5 *voters at the November 4, 2014, statewide general election in*  
6 *accordance with provisions of the Government Code and the*  
7 *Elections Code governing the submission of a statewide measure*  
8 *to the voters.*

9 *SEC. 6. Sections 2 and 3 of this act shall take effect upon the*  
10 *approval by the voters of the Safe Drinking Water, Water Quality,*  
11 *and Water Supply Act of 2014, as set forth in that section at the*  
12 *November 4, 2014, statewide general election.*

13 *SEC. 7. This act is an urgency statute necessary for the*  
14 *immediate preservation of the public peace, health, or safety within*  
15 *the meaning of Article IV of the Constitution and shall go into*  
16 *immediate effect. The facts constituting the necessity are:*

17 *In order to fund safe drinking water, water quality, and water*  
18 *supply at the earliest possible date, it is necessary that this act*  
19 *take effect immediately.*

20  
21  
22 **All matter omitted in this version of the bill**  
23 **appears in the bill as introduced in the**  
24 **Senate, January 9, 2014. (JR11)**  
25