

AMENDED IN SENATE JUNE 10, 2014

AMENDED IN SENATE FEBRUARY 20, 2014

AMENDED IN SENATE FEBRUARY 12, 2014

## SENATE BILL

**No. 848**

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### Introduced by Senator Wolk

(Coauthors: Senators *De León*, *DeSaulnier*, *Hancock*, *Hueso*, *Pavley*,  
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 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 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 Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of ~~\$6,825,000,000~~ *\$10,500,000,000* pursuant to the State General Obligation Bond Law to finance a safe drinking water, water quality, and 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~~ *any unencumbered proceeds of bonds* from the above-described bond acts *in their respective bond funds as of November 5, 2014, 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.

(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:*

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of the Water Code, as added by Section 1 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, is repealed.

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

DIVISION 26.7. THE SAFE DRINKING WATER, WATER QUALITY, AND WATER SUPPLY ACT OF 2014

CHAPTER 1. SHORT TITLE

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

CHAPTER 2. FINDINGS AND DECLARATIONS

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

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

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

(c) Increasing water supply and water supply reliability.

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

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

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

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

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

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

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

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

(2) Groundwater ~~cleanup~~ *clean up* or pollution prevention in sources of drinking water.

(3) Water recycling projects.

(4) Projects to desalinate brackish and ocean water.

(5) Stormwater capture and reuse.

(6) *Sustainable groundwater management*.

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

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

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

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

(1) New surface storage projects.

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

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

CHAPTER 3. PURPOSE

79708. An agency allocating funds provided by this division shall prioritize investment in projects that provide drought relief, safe drinking water, and water use efficiency improvements necessary to increase the sustainability of California's water systems.

CHAPTER 3.4. DEFINITIONS

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

- (a) "Commission" means the California Water Commission.
- ~~(b) "Committee" means the director and the chair of the state board.~~
- ~~(c)~~
- (b) "Delta" means the Sacramento-San Joaquin Delta as defined in Section 85058.
- ~~(d)~~
- (c) "Delta counties" means Contra Costa, Sacramento, San Joaquin, Solano, and Yolo counties.
- ~~(e)~~
- (d) "Department" means the Department of Water Resources.
- ~~(f)~~
- (e) "Director" means the Director of Water Resources.
- ~~(g)~~
- (f) "Disadvantaged community" has the same meaning as set forth in subdivision (a) of Section 79505.5.
- ~~(h)~~
- (g) "Finance committee" means the Safe Drinking Water, Water Quality, and Water Supply Finance Committee created by Section 79824.
- ~~(i)~~
- (h) "Fund" means the Safe Drinking Water, Water Quality, and Water Supply Fund of 2014 created by Section 79770.
- ~~(j)~~
- (i) "Initial operation and maintenance costs" mean those initial, eligible, reimbursable costs under a construction funding agreement

1 that are incurred up to, and including, initial startup testing of the  
2 constructed project in order to deem the project complete.

3 ~~(k)~~

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

8 ~~(l)~~

9 (k) “Interim” means the limited period of time needed to address  
10 the identified urgent need for safe drinking water, not to exceed  
11 three years.

12 ~~(m)~~

13 (l) “Local match” and “matching funds” mean funds made  
14 available by nonstate sources, which may include, but are not  
15 limited to, donated services from nonstate sources.

16 ~~(n)~~

17 (m) “Nonprofit organization” means an organization qualified  
18 to do business in California and qualified under Section 501(c)(3)  
19 of Title 26 of the United States Code.

20 ~~(o)~~

21 (n) “Public agency” means a state agency or department, public  
22 water system, special district, joint powers authority, city, county,  
23 city and county, or other political subdivision of the state.

24 ~~(p)~~

25 (o) “Secretary” means the Secretary of the Natural Resources  
26 Agency.

27 ~~(q)~~

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

31 ~~(r)~~

32 (q) “Small water system” means a public water system that  
33 serves 15 or more service connections but not more than 3,000  
34 persons and regularly serves drinking water to more than an  
35 average of 25 individuals daily for more than 60 days out of the  
36 year.

37 ~~(s)~~

38 (r) “State board” means the State Water Resources Control  
39 Board.

40 ~~(t)~~

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

(t)

(t) “State small water system” means a ~~public water system~~ *system for the provision of piped water to the public for human consumption* that serves at least 5, but no more than 14, service connections and does not regularly serve drinking water to more than an average of 25 individuals daily for more than 60 days out of the year.

CHAPTER 4.5. SAFE DRINKING WATER ~~AND WATER~~  
QUALITY PROJECTS

79720. (a) It is the intent of the ~~Legislature~~ *people* that this chapter provide funds to ~~address the most critical water needs of the state, including the provision of safe drinking water to all Californians by improving safe drinking water supply reliability and financing urgent public health emergency actions to ensure safe drinking water supplies, and implementing wastewater treatment projects to keep contaminants out of rivers, lakes, streams, groundwater, and coastal waters.~~ *ensure the provision of safe drinking water to all Californians and to increase the reliability of water supply for safe drinking water and other purposes.*

(b) The sum of ~~nine hundred million dollars (\$900,000,000)~~ *three billion twenty million dollars (\$3,020,000,000)* shall be available for the purposes of this chapter.

79721. *From the funds described in Section 79720, one hundred million dollars (\$100,000,000) shall be available to the state board for grants and direct expenditures to finance urgent actions needed to provide drinking water in communities that lack access to safe drinking water to ensure that safe drinking water supplies are available to all Californians. Grants and direct expenditures shall be exempt from contracting and procurement requirements to the extent necessary to take immediate action to protect public health and safety. Grants awarded pursuant to this section shall not exceed two hundred fifty thousand dollars (\$250,000). Eligible actions include, but are not limited to, the following:*

1 (a) Providing interim water supplies, for a period not to exceed  
2 three years, where necessary to protect public health, including  
3 the design, purchase, installation, and operation and maintenance  
4 of interim water treatment equipment and systems.

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

8 (c) Establishing connections to an adjacent water system.

9 (d) Urgent wastewater treatment projects in order to prevent  
10 the contamination of a drinking water source.

11 79722. (a) From the funds described in Section 79720, four  
12 hundred million dollars (\$400,000,000) shall be available to the  
13 state board for grants and loans for public water system  
14 infrastructure improvements and related actions to meet primary  
15 or secondary safe drinking water standards or contaminants  
16 identified by the state or federal government for development of  
17 a primary or secondary drinking water standard and ensure  
18 affordable drinking water. Priority shall be given to projects that  
19 provide treatment for contamination or access to alternative  
20 drinking water sources for small water systems or state small water  
21 systems serving disadvantaged communities whose drinking water  
22 source is in areas where drinking water sources have been impaired  
23 by chemical and nitrate contaminants and other health hazards  
24 identified by the state board. Eligible recipients either operate  
25 small water systems or state small water systems in disadvantaged  
26 communities. communities or are public agencies that are  
27 authorized to act on behalf of those systems. The state board may  
28 make grants for the purpose of financing feasibility studies and to  
29 meet the eligibility requirements for a construction grant. Eligible  
30 expenses may include initial operation and maintenance costs for  
31 systems serving disadvantaged communities. Special consideration  
32 will be given to projects that provide shared solutions for multiple  
33 communities, at least one of which is a disadvantaged community  
34 served by a small or state small water system or private well and  
35 that lacks safe, affordable drinking water. Construction grants shall  
36 be limited to five million dollars (\$5,000,000) per project, except  
37 that the state board may set a limit of not more than twenty million  
38 dollars (\$20,000,000) for projects that provide regional or shared  
39 solutions among multiple entities, at least one of which is a small



1 disadvantaged community. Not more than 25 percent of a grant  
2 may be awarded in advance of actual expenditures.

3 (b) The state board may expend up to twenty-five million dollars  
4 (\$25,000,000) of the funds allocated in subdivision (a) for technical  
5 assistance to eligible communities.

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

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

15 ~~(e) The state board shall deposit (1) Up to two million five~~  
16 ~~hundred thousand dollars (\$2,500,000) of the funds available~~  
17 ~~pursuant to this section into the Drinking Water Capitol Reserve~~  
18 ~~Fund, which is hereby created in the State Treasury. Moneys in~~  
19 ~~the fund, shall be available, upon appropriation by the Legislature~~  
20 ~~and shall be administered by the state board for the purpose of~~  
21 ~~serving as matching funds for small, disadvantaged communities.~~  
22 ~~The state board shall develop criteria to implement this subdivision.~~  
23 ~~may be available as temporary initial funding for a pooled capital~~  
24 ~~reserve among small water systems and state small water systems.~~  
25 ~~This pooled capital reserve would be administered by the state~~  
26 ~~board. The purpose of the pooled capital reserve would be to allow~~  
27 ~~participating systems to collect sufficient financial capacity from~~  
28 ~~the system's ratepayers over an affordable schedule. The funds~~  
29 ~~available pursuant to this subdivision shall be utilized only if the~~  
30 ~~state board determines that there are insufficient deposits from~~  
31 ~~any participating small water systems and state small water~~  
32 ~~systems in the pooled capital reserve. If bond funds will be used~~  
33 ~~pursuant to this subdivision, the state board shall develop criteria~~  
34 ~~to implement this subdivision that includes full repayment~~  
35 ~~provisions for any withdrawals from the pooled capital reserve.~~

36 ~~(2) This subdivision shall become inoperative on January 1,~~  
37 ~~2024.~~

38 ~~79723. (a) From the funds described in Section 79720, four~~  
39 ~~hundred million dollars (\$400,000,000) shall be available to the~~  
40 ~~state board for deposit in the State Water Pollution Control~~

~~Revolving Fund Small Community Grant Fund established by Section 13477.6 for grants for wastewater treatment projects to keep contaminants out of rivers, lakes, streams, groundwater, and coastal waters, and for other projects to protect the public and fish and wildlife from contaminated sources of water. Priority shall be given to projects that serve disadvantaged communities and severely disadvantaged communities, and to projects that address public health hazards. Special consideration shall be given to small communities with limited financial resources. Projects shall include, but not be limited to, projects that identify, plan, design, and implement regional mechanisms to consolidate wastewater systems or provide affordable treatment technologies.~~

~~(b) The state board may expend up to ten million dollars (\$10,000,000) of the funds allocated in subdivision (a) for technical assistance to eligible communities.~~

~~(c) 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 Domestic 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 domestic well and septic owners to protect drinking water sources and ensure safe and affordable drinking water for all Californians. The state board shall develop criteria for the allocation of these grants and loans that specifies these are for the benefit of small communities to treat drinking water or protect drinking water from contamination and includes an income threshold equivalent to the definition of a disadvantaged community.~~

~~79724. From the funds described in Section 79720, one hundred million dollars (\$100,000,000) shall be available to the state board for grants and direct expenditures to finance urgent actions needed to provide drinking water in disadvantaged and severely disadvantaged communities that lack access to safe drinking water to ensure that safe drinking water supplies are available to all Californians. Grants awarded pursuant to this section shall not exceed two hundred fifty thousand dollars (\$250,000). Eligible actions include, but are not limited to, the following:~~

~~(a) Providing interim water supplies, for a period not to exceed three years, where necessary to protect public health, including~~

1 the design, purchase, installation, and operation and maintenance  
2 of interim water treatment equipment and systems.

3 (b) Improvements in existing water systems, including, but not  
4 limited to, design, and construction of improvements necessary to  
5 resume delivery of safe drinking water.

6 (c) Establishing connections to an adjacent water system.

7 (d) Urgent wastewater treatment projects in order to prevent the  
8 contamination of a drinking water source.

9 79725. The state board may administer together the funds  
10 allocated pursuant to subdivision (b) of Section 79722 and  
11 subdivision (b) of Section 79724.

12 79726. It is the intent of the Legislature that any funds allocated  
13 pursuant to this chapter to an investor-owned utility regulated by  
14 the Public Utilities Commission or a mutual water company should  
15 be for the benefit of the ratepayers or the public and not the  
16 investors.

17 79727. In allocating funds pursuant to this chapter, the state  
18 board shall consider a written statement prepared by a local agency  
19 formation commission regarding the consolidation or extension  
20 of, or other shared solutions for, water or sewer services.

21 79723. The state board may administer together the funds  
22 allocated pursuant to subdivision (b) of Section 79722 and  
23 subdivision (b) of Section 79721.

24 79724. (a) From the funds described in Section 79720, one  
25 billion four hundred million dollars (\$1,400,000,000) shall be  
26 available to the department for competitive grants for projects  
27 that implement an adopted integrated regional water management  
28 plan consistent with Part 2.2 (commencing with Section 10530)  
29 of Division 6, as that part may be amended.

30 (b) Eligible projects are those that improve the quality or supply  
31 of safe drinking water, increase regional water self-reliance, or  
32 address any of the following other critical water supply reliability  
33 issues:

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

36 (2) Advanced water treatment technology projects to remove  
37 contaminants from drinking water, water recycling, and related  
38 projects, such as distribution or groundwater recharge  
39 infrastructure.

1     (3) *Urban and agricultural water conservation and water use*  
2 *efficiency projects.*

3     (4) *Water reuse and recycling for nonpotable reuse and direct*  
4 *and indirect potable reuse.*

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

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

10    (7) *Brackish groundwater and ocean water desalination*  
11 *projects.*

12    (8) *Groundwater storage.*

13    (9) *Recycled water storage.*

14    (10) *Sediment removal to improve storage.*

15    (11) *Dam seismic retrofit.*

16    (12) *Local and regional conveyance projects that will improve*  
17 *regional connectivity and maximize the benefits of existing water*  
18 *storage.*

19    (c) *Funds made available pursuant to this section shall be*  
20 *available upon appropriation to, and shall be administered by,*  
21 *the department, in close collaboration with the state board. Specific*  
22 *project and planning grant awards shall be selected jointly by the*  
23 *director and chair of the state board.*

24    (d) *Projects funded pursuant to this section shall require a local*  
25 *match of not less than 25 percent of project costs, except the*  
26 *department may suspend or reduce cost share requirements for*  
27 *projects serving disadvantaged communities or that reduce reliance*  
28 *on the Delta, consistent with Section 85021.*

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

31    (1) *Have an adopted integrated regional water management*  
32 *plan.*

33    (2) *Each urban and agricultural water supplier that would*  
34 *benefit from a project shall adopt and submit an urban or*  
35 *agricultural water management plan in accordance with the Urban*  
36 *Water Management Planning Act (Part 2.6 (commencing with*  
37 *Section 10610) of Division 6) or the Agricultural Water*  
38 *Management Planning Act (Part 2.8 (commencing with Section*  
39 *10800) of Division 6). Urban or agricultural water management*  
40 *plans shall be certified by the department as meeting the*

1 *requirements of the Urban Water Management Planning Act or*  
2 *the Agricultural Water Management Planning Act, and Sections*  
3 *10608.56 and 10631.5, as those provisions may be amended.*

4 *(3) Each local agency whose service area includes a*  
5 *groundwater basin or subbasin that would benefit from a*  
6 *groundwater management project shall adopt and submit a*  
7 *groundwater management plan in accordance with groundwater*  
8 *management planning requirements established under Division 6*  
9 *(commencing with Section 10000). Groundwater management*  
10 *plans shall be certified by the administering state agency as*  
11 *meeting the groundwater management planning requirements.*

12 *(4) (A) Have a water budget that describes local and imported*  
13 *water supplies and uses in sufficient detail to inform long-term*  
14 *efforts towards sustainable water management and, where*  
15 *applicable, include a description of the measures taken to comply*  
16 *with Section 85021.*

17 *(B) The department shall develop guidelines for compliance*  
18 *with this paragraph.*

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

21 *79725. The California Water Commission shall review the*  
22 *implementation of Section 79724 and shall certify that requirements*  
23 *for grant eligibility pursuant to that section are met prior to the*  
24 *department making final grant awards.*

25 *79726. Funding described in Section 79724 shall be allocated*  
26 *to hydrologic regions as identified in the California Water Plan*  
27 *and listed below. For the South Coast Region, the department shall*  
28 *establish three subregions that reflect the San Diego County*  
29 *watersheds, the Santa Ana River watershed, and the Los*  
30 *Angeles-Ventura County watersheds respectively, and allocate*  
31 *funds to those subregions. The North and South Lahontan regions*  
32 *shall be treated as one region for the purpose of allocating funds,*  
33 *but the department may require separate regional plans. Funds*  
34 *available pursuant to this section shall be allocated in accordance*  
35 *with the following schedule:*

36 *(a) Sixty-five million dollars (\$65,000,000) for the North Coast*  
37 *hydrologic region.*

38 *(b) One hundred ninety-five million dollars (\$195,000,000) for*  
39 *the San Francisco Bay hydrologic region.*

1     (c) Eighty-five million dollars (\$85,000,000) for the Central  
2     Coast hydrologic region.

3     (d) Two hundred eighty-four million dollars (\$284,000,000) for  
4     the Los Angeles subregion.

5     (e) One hundred seventy-four million dollars (\$174,000,000)  
6     for the Santa Ana subregion.

7     (f) One hundred thirty-eight million dollars (\$138,000,000) for  
8     the San Diego hydrologic region.

9     (g) One hundred eighteen million dollars (\$118,000,000) for  
10    the Sacramento River hydrologic region.

11    (h) Ninety-eight million dollars (\$98,000,000) for the San  
12    Joaquin River hydrologic region.

13    (i) One hundred two million dollars (\$102,000,000) for the  
14    Tulare/Kern hydrologic region.

15    (j) Seventy-four million dollars (\$74,000,000) for the  
16    North/South Lahontan hydrologic region.

17    (k) Sixty-seven million dollars (\$67,000,000) for the Colorado  
18    River Basin hydrologic region.

19    79727. (a) Prevention and cleanup of groundwater  
20    contamination are critical components of successful groundwater  
21    management. Groundwater quality becomes especially important  
22    as water providers do the following:

23    (1) Evaluate investments in groundwater recharge with surface  
24    water, stormwater, recycled water, and other conjunctive use  
25    projects that augment local groundwater supplies to improve  
26    regional water self-reliance.

27    (2) Adapt to changing hydrologic conditions brought on by  
28    climate change.

29    (3) Consider developing groundwater basins to provide much  
30    needed local storage options to accommodate hydrologic and  
31    regulatory variability in the state's water delivery system.

32    (4) Evaluate investments in groundwater recovery projects.

33    (b) From the funds described in Section 79720, one billion  
34    dollars (\$1,000,000,000) shall be available to the state board for  
35    construction grants and loans for treatment and remediation  
36    projects that prevent or reduce the contamination of groundwater  
37    that serves as a source of drinking water.

38    (c) For the purposes of awarding funding pursuant to this  
39    section, a local cost share of not less than 50 percent of the total  
40    costs of the project shall be required. The cost-sharing requirement

1 *may be waived or reduced for projects that directly benefit a*  
2 *disadvantaged community.*

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

6 *(e) Funding authorized pursuant to this section shall include*  
7 *funding for technical assistance to disadvantaged communities.*  
8 *The state board shall operate a multidisciplinary technical*  
9 *assistance program for small and disadvantaged communities.*

10 *(f) Priority shall be given to projects that do any of the*  
11 *following:*

12 *(1) Have commenced a characterization study, consistent with*  
13 *the State Department of Public Health's Procedure Memorandum*  
14 *97-005, and issued a notice of preparation for an environmental*  
15 *impact report.*

16 *(2) Will address contamination at a site on the list maintained*  
17 *by the Department of Toxic Substances Control pursuant to Section*  
18 *25356 of the Health and Safety Code or listed on the National*  
19 *Priorities List established pursuant to Section 105 of the*  
20 *Comprehensive Environmental Response, Compensation, and*  
21 *Liability Act of 1980 (42 U.S.C. Sec. 9605(a)(8)(B)).*

22 *(3) Prevents or minimizes salt water intrusion.*

23 *(g) The state board shall require grantees to do the following:*

24 *(1) Make reasonable efforts to attempt to recover the costs of*  
25 *cleanup from the parties responsible for the contamination. A*  
26 *grantee shall not be required to seek cost recovery related to the*  
27 *costs of response actions apportioned to responsible parties who*  
28 *are insolvent or cannot be identified or located, or when a*  
29 *requirement to seek cost recovery would impose a financial*  
30 *hardship on the grantee.*

31 *(2) Repay grant funds that are subsequently recovered from*  
32 *parties responsible for the groundwater contamination.*

33 *79728. From the funds described in Section 79720, twenty*  
34 *million dollars (\$20,000,000) shall be available to the Department*  
35 *of Parks and Recreation to address public health deficiencies in*  
36 *drinking water and wastewater quality at state parks.*

37 *79729. From the funds described in Section 79720, one hundred*  
38 *million dollars (\$100,000,000) shall be made available for*  
39 *competitive grants for projects that develop groundwater*  
40 *management plans, consistent with existing groundwater*

1 *management planning requirements in Division 6 (commencing*  
2 *with Section 10000), that further sustainable groundwater*  
3 *management.*

4  
5 CHAPTER 5.6. WATER-SUPPLY ENHANCEMENT QUALITY  
6 PROJECTS  
7

8 79730. (a) It is the intent of the ~~Legislature~~ *people* that this  
9 chapter provide funds to ~~enhance water supplies and increase water~~  
10 ~~supply reliability.~~ *protect water quality in the rivers, lakes, streams,*  
11 *and coastal waters of the state, to assist in meeting the Federal*  
12 *Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.) and*  
13 *other state and federal requirements for the protection of water*  
14 *quality, public health, and endangered species, and to protect or*  
15 *restore natural systems that contribute to water supply, water*  
16 *quality, or flood management.*

17 (b) The sum of ~~two billion dollars (\$2,000,000,000)~~ *three billion*  
18 *one hundred eighty million dollars (\$3,180,000,000)* shall be  
19 available for the purposes of this chapter.

20 79731. (a) ~~From the funds described in Section 79730, one~~  
21 ~~billion five hundred million dollars (\$1,500,000,000) shall be~~  
22 ~~available to the committee for competitive grants for projects that~~  
23 ~~develop, improve, or implement an adopted integrated regional~~  
24 ~~water management plan consistent with Part 2.2 (commencing~~  
25 ~~with Section 10530) of Division 6, as that part may be amended,~~  
26 ~~and improve the quality or supply of safe drinking water, reduce~~  
27 ~~the amount of water imported to the region, or address any of the~~  
28 ~~following other critical water supply reliability issues:~~

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

31 (2) ~~Advanced water treatment technology projects to remove~~  
32 ~~contaminants from drinking water, water recycling, and related~~  
33 ~~projects, such as distribution or groundwater recharge~~  
34 ~~infrastructure.~~

35 (3) ~~Urban and agricultural water conservation and water use~~  
36 ~~efficiency projects.~~

37 (4) ~~Water recycling projects.~~

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



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

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

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

11    ~~(1) Have an adopted integrated regional water management~~  
12    ~~plan.~~

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

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

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

37    ~~(B) The department shall develop guidelines for compliance~~  
38    ~~with this paragraph.~~

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

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

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

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

~~(a) North Coast: \$65,000,000.~~

~~(b) San Francisco Bay: \$195,000,000.~~

~~(c) Central Coast: \$85,000,000.~~

~~(d) Los Angeles subregion: \$284,000,000.~~

~~(e) Santa Ana subregion: \$174,000,000.~~

~~(f) San Diego subregion: \$138,000,000.~~

~~(g) Sacramento River: \$118,000,000.~~

~~(h) San Joaquin River: \$98,000,000.~~

~~(i) Tulare/Kern (Tulare Lake): \$102,000,000.~~

~~(j) North/South Lahontan: \$74,000,000.~~

~~(k) Colorado River Basin: \$67,000,000.~~

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

~~(1) Tools to model future regional climate change impacts.~~

~~(2) Groundwater management plans and projects that further sustainable groundwater management.~~

~~(3) Other projects determined by the committee to advance innovative strategies for the integration of water management.~~

~~(b) The committee shall give priority to projects that address groundwater overdraft and related impacts, including, but not limited to, subsidence.~~

79731. (a) From the funds described in Section 79730, four hundred million dollars (\$400,000,000) shall be available to the state board for deposit in the State Water Pollution Control Revolving Fund Small Community Grant Fund established by Section 13477.6 for grants for wastewater treatment projects to keep contaminants out of rivers, lakes, streams, groundwater, and coastal waters, and for other projects to protect the public and fish and wildlife from contaminated sources of water. Priority shall be given to projects that serve disadvantaged communities and severely disadvantaged communities, and to projects that address public health hazards. Special consideration shall be given to small communities with limited financial resources. Projects shall include, but not be limited to, projects that identify, plan, design, and implement regional mechanisms to consolidate wastewater systems or provide affordable treatment technologies.

(b) The state board may expend up to ten million dollars (\$10,000,000) of the funds allocated in subdivision (a) for technical assistance to eligible communities.

(c) 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 Domestic 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 domestic well and septic owners to protect drinking water sources and ensure safe and affordable drinking water for all Californians. The state board shall develop criteria for the allocation of these grants and loans that specifies these are for the benefit of small communities to treat drinking water or protect drinking water from contamination and includes an income threshold equivalent to the definition of a disadvantaged community.

~~79735.~~

79732. (a) From the funds described in Section 79730, five hundred million dollars (\$500,000,000) shall be available to the state board for competitive grants for projects that develop, implement, or improve a stormwater capture and reuse plan consistent with Part 2.3 (commencing with Section 10560) of

1 Division 6, as that part may be amended, and that capture and put  
2 to beneficial use stormwater or dry weather runoff.

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

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

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

15 (2) The development of stormwater capture and reuse plans  
16 pursuant to Part 2.3 (commencing with Section 10560) of Division  
17 6, as that part may be amended.

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

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

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

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

33 (f) The state board shall adopt a policy establishing criteria for  
34 projects funded by this section to ensure that a project funded  
35 pursuant to this section complies with water quality laws and does  
36 not put at risk any groundwater or surface water supplies.

37 (g) *No more than seventy-five million dollars (\$75,000,000)*  
38 *shall be awarded for the development of stormwater capture and*  
39 *reuse plans.*

1       79733. From the funds described in Section 79730, five hundred  
2 million dollars (\$500,000,000) shall be available to the state board  
3 for grants for water recycling and advanced treatment technology  
4 projects, including all of the following:

5       (a) Water recycling projects, including, but not limited to,  
6 treatment, storage, conveyance, and distribution facilities for  
7 potable and nonpotable recycling projects.

8       (b) Contaminant and salt removal projects, including, but not  
9 limited to, groundwater and seawater desalination and associated  
10 treatment, storage, conveyance, and distribution facilities.

11       (c) Dedicated distribution infrastructure to serve residential,  
12 commercial, agricultural, and industrial end-user retrofit projects  
13 to allow the use of recycled water.

14       (d) Pilot projects for new salt and contaminant removal  
15 technology.

16       (e) Groundwater recharge infrastructure related to recycled  
17 water.

18       (f) Technical assistance and grant writing assistance for  
19 disadvantaged communities.

20       79734. For the purpose of awarding funding under Section  
21 79733, a local cost share of not less than 50 percent of the total  
22 costs of the project shall be required. The cost-sharing requirement  
23 may be waived or reduced for projects that directly benefit a  
24 disadvantaged community.

25       79735. Projects funded pursuant to Section 79733 shall be  
26 selected on a competitive basis, considering all of the following  
27 criteria:

28       (a) Water supply reliability improvement.

29       (b) Water quality and ecosystem benefits related to decreased  
30 reliance on diversions from the Delta or instream flows.

31       (c) Public health benefits from improved drinking water quality.

32       (d) Cost-effectiveness.

33       (e) Energy efficiency and greenhouse gas emission impacts.

34       (f) Reasonable geographic allocation to eligible projects  
35 throughout the state, including both northern and southern  
36 California and coastal and inland regions.

37       79736. For purposes of Section 79733, competitive programs  
38 shall be implemented consistent with water recycling programs  
39 administered pursuant to Sections 79140 and 79141 or consistent

1 *with desalination programs administered pursuant to Sections*  
2 *79545 and 79547.2.*

3 *79737. (a) From the funds described in Section 79730, the*  
4 *sum of five hundred million dollars (\$500,000,000) shall be*  
5 *available for water quality, river, and watershed protection and*  
6 *restoration projects of statewide importance outside of the Delta.*  
7 *Funds provided by this section shall be allocated according to the*  
8 *following schedule:*

9 *(1) Two hundred fifty million dollars (\$250,000,000) to*  
10 *implement the Klamath Hydroelectric Settlement Agreement. Up*  
11 *to fifty million dollars (\$50,000,000) of the funds available*  
12 *pursuant to this paragraph may be made available for restoration*  
13 *projects in California pursuant to the Klamath Basin Restoration*  
14 *Agreement if all of the funds available pursuant to this paragraph*  
15 *are not needed for dam removal projects.*

16 *(2) One hundred million dollars (\$100,000,000) for projects*  
17 *that help fulfill state obligations under Chapters 611, 612, and*  
18 *613 of the Statutes of 2003, which were enacted to facilitate the*  
19 *execution and implementation of the Quantification Settlement*  
20 *Agreement, including restoration of the Salton Sea.*

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

25 *(4) Fifty million dollars (\$50,000,000) for projects that help*  
26 *fulfill state obligations under the Tahoe Regional Planning*  
27 *Compact pursuant to Section 66800 of the Government Code.*  
28 *Funds provided by this paragraph shall be approved pursuant to*  
29 *Title 7.42 (commencing with Section 66905) of the Government*  
30 *Code, as those provisions may be amended.*

31 *(b) Expenditures funded by this section shall comply with Section*  
32 *16727 of the Government Code.*

33 *79738. (a) From the funds described in Section 79730, the*  
34 *sum of nine hundred twenty-five million dollars (\$925,000,000)*  
35 *shall be available for projects that protect and improve*  
36 *California's watersheds, wetlands, forests, and floodplains.*

37 *(b) Funds available pursuant to this section shall be allocated*  
38 *as follows:*

39 *(1) Baldwin Hills Conservancy: fifteen million dollars*  
40 *(\$15,000,000).*

1     (2) *California Tahoe Conservancy: forty-five million dollars*  
2     *(\$45,000,000).*

3     (3) *Coachella Valley Mountains Conservancy: twenty million*  
4     *dollars (\$20,000,000).*

5     (4) *San Diego River Conservancy: twenty million dollars*  
6     *(\$20,000,000).*

7     (5) *San Gabriel and Lower Los Angeles Rivers and Mountains*  
8     *Conservancy: sixty-five million dollars (\$65,000,000).*

9     (6) *San Joaquin River Conservancy: twenty million dollars*  
10    *(\$20,000,000).*

11    (7) *Santa Monica Mountains Conservancy: sixty-five million*  
12    *dollars (\$65,000,000).*

13    (8) *Sierra Nevada Conservancy: one hundred fifteen million*  
14    *dollars (\$115,000,000).*

15    (9) *State Coastal Conservancy: three hundred million dollars*  
16    *(\$300,000,000).*

17    (10) *Wildlife Conservation Board: two hundred ten million*  
18    *dollars (\$210,000,000).*

19    (11) *California Ocean Protection Council: fifty million dollars*  
20    *(\$50,000,000).*

21    (c) *Of the funds allocated to the State Coastal Conservancy*  
22    *pursuant to paragraph (9) of subdivision (b), one hundred sixty-five*  
23    *million dollars (\$165,000,000) is available as follows:*

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

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

30    (3) *Forty million dollars (\$40,000,000) shall be available for*  
31    *projects that benefit the Santa Ana River watershed.*

32    (d) *Of the funds allocated to the San Gabriel and Lower Los*  
33    *Angeles Rivers and Mountains Conservancy pursuant to paragraph*  
34    *(5) of subdivision (b), up to fifteen million dollars (\$15,000,000)*  
35    *shall be available for multibenefit coastal wetlands restoration*  
36    *undertaken in coordination with the State Coastal Conservancy.*

37    (e) *Eligible projects include those that do any of the following:*

38    (1) *Reduce pollution or contamination of rivers, lakes, streams,*  
39    *or coastal waters.*

1     (2) *Protect or restore rural or urban watershed functions that*  
2 *contribute to water supply, water quality, or flood management.*

3     (3) *Protect and restore aquatic, coastal, wetland, and migratory*  
4 *bird ecosystems, including fish and wildlife corridors.*

5     (4) *Implement adaptation and conservation projects that*  
6 *improve the ability of California's watersheds, wetlands, forests,*  
7 *and floodplains to reduce the impacts of climate change on*  
8 *California's communities and ecosystems including through the*  
9 *implementation of natural community conservation plans and*  
10 *habitat conservation plans.*

11     (f) *Priority shall be given to projects with multiple benefits such*  
12 *as increased water supply, improved water quality, and improved*  
13 *local or regional water quality and water supply reliability that*  
14 *builds the resilience of human communities and natural habitats*  
15 *against the risks of prolonged drought or the exhaustion of water*  
16 *supplies.*

17     (g) *An appropriation of funds available pursuant to this section*  
18 *may include funds for planning, monitoring, and assessment of*  
19 *the effectiveness of the programs and projects authorized for*  
20 *funding.*

21     79739. (a) *From the funds described in Section 79730, two*  
22 *hundred million dollars (\$200,000,000) shall be available to the*  
23 *secretary for a competitive program to fund multibenefit watershed*  
24 *and river enhancement projects in urban watersheds. Eligible*  
25 *applicants are public agencies and nonprofit organizations.*  
26 *Eligible projects shall improve watershed health, water quality,*  
27 *or water supply reliability. All projects shall increase regional*  
28 *and local water self-sufficiency and meet at least two or more of*  
29 *the following objectives:*

30     (1) *Promote groundwater recharge and water reuse.*

31     (2) *Reduce energy consumption.*

32     (3) *Use soils, plants, and natural or designed processes to treat*  
33 *and capture runoff.*

34     (4) *Create or restore native habitat.*

35     (5) *Increase regional and local resiliency and adaptability to*  
36 *climate change.*

37     (6) *Further the purposes of the California Urban Forestry Act*  
38 *of 1978 (Chapter 2 (commencing with Section 4799.06) of Part*  
39 *2.4 of Division 4 of the Public Resources Code) with urban forestry*  
40 *projects in the immediate proximity of the river.*



1     ***(b) At least 75 percent of the funds available pursuant to this***  
2 ***section shall be allocated for projects that are located in or in***  
3 ***close proximity to, major metropolitan cities for a river that has***  
4 ***adopted a revitalization plan as of January 1, 2014. Funds made***  
5 ***available by this subdivision are available for grants along the***  
6 ***entire river and its tributaries, not solely for those river reaches***  
7 ***covered by the revitalization plan.***

8     79740. ***(a) From the funds described in Section 79730, thirty***  
9 ***million dollars (\$30,000,000) shall be available to the state board***  
10 ***to fund watershed activities by resource conservation districts.***

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

14     79741. ***From the funds described in Section 79730, twenty-five***  
15 ***million dollars (\$25,000,000) shall be available to the state board***  
16 ***for competitive grants for special districts and nonprofit***  
17 ***organizations for projects that reduce or manage runoff from***  
18 ***agricultural lands for the benefit of surface and groundwater***  
19 ***quality.***

20     79742. ***From the funds described in Section 79730, the sum of***  
21 ***one hundred million dollars (\$100,000,000) shall be available to***  
22 ***the Wildlife Conservation Board for wildlife refuges and wildlife***  
23 ***habitat areas under Section 3406(d) of Title 34 of Public Law***  
24 ***102-575.***

25  
26                   CHAPTER 6:7. DELTA  
27

28     ~~79740.~~

29     79750. ***(a) It is the intent of the Legislature people that this***  
30 ***chapter provide funds to help implement the following:***

31     ~~(1) Projects to protect, restore, and enhance the Delta ecosystem~~  
32 ~~*in a manner that protects and enhances ecosystem, improve the*~~  
33 ~~*water quality, protect the unique cultural, recreational, natural*~~  
34 ~~*resource, and agricultural values of the Delta as an evolving place.*~~  
35 ~~*Delta, and protect the integrity of Delta levees for water*~~  
36 ~~*conveyance and flood control purposes.*~~

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

(b) The sum of one billion ~~two~~ *three* hundred million dollars ~~(\$1,200,000,000)~~ *(\$1,300,000,000)* shall be available for the purposes of this chapter.

~~79742.~~

~~79751.~~ (a) From the funds described in Section ~~79740, eight~~ *79750, nine* hundred million dollars ~~(\$800,000,000)~~ *(\$900,000,000)* shall be available to the *Sacramento-San Joaquin* 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.

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

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

*(c) Of the funds available pursuant to subdivision (a), not less than three hundred million dollars (\$300,000,000) shall be made available for purposes of paragraph (3) of subdivision (a).*

*(d) Of the funds available pursuant to subdivision (a), not less than one hundred million dollars (\$100,000,000) shall be made available for purposes of paragraphs (4) and (5) of subdivision (a).*

~~79744.~~

79752. From the funds described in Section ~~79740~~, 79750, four hundred million dollars (\$400,000,000) shall be available to reduce the risk of levee failure and flood in the Delta for any of the following:

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

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

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

(d) Emergency response and repair projects.

~~CHAPTER 7. WATERSHED AND ECOSYSTEM IMPROVEMENT~~

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

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

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

~~(a) Two hundred fifty million dollars (\$250,000,000) to implement the Klamath Hydroelectric Settlement Agreement. Up to fifty million dollars (\$50,000,000) of the funds available pursuant to this subdivision may be made available for restoration projects in California pursuant to the Klamath Basin Restoration Agreement if all of the funds available pursuant to this subdivision are not needed for dam removal projects.~~

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

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

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

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

~~(a) Funds available pursuant to this section shall be allocated as follows:~~

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

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

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

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

~~79755. (a) From the funds described in Section 79750, two hundred fifty million dollars (\$250,000,000) shall be available to the secretary for a competitive program to fund multibenefit~~

~~watershed and urban rivers enhancement projects in urban watersheds, including watersheds that drain to the San Francisco Bay, that increase regional and local water self-sufficiency and that meet at least two or more of the following objectives:~~

~~(1) Promote groundwater recharge and water reuse.~~

~~(2) Reduce energy consumption.~~

~~(3) Use soils, plants, and natural processes to treat runoff.~~

~~(4) Create or restore native habitat.~~

~~(5) Increase regional and local resiliency and adaptability to climate change.~~

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

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

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

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

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

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

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

1                   ~~CHAPTER 8. WATER STORAGE PROJECTS~~

2  
3       ~~79760. (a) It is the intent of the Legislature that this chapter~~  
4 ~~provide funds to expand the existing capacity to store water in the~~  
5 ~~state.~~

6       ~~(b) The sum of one billion twenty-five million dollars~~  
7 ~~(\$1,025,000,000) shall be available for the purposes of this chapter.~~

8       ~~79761. From the funds described in Section 79760, one billion~~  
9 ~~dollars (\$1,000,000,000) shall be available to the commission for~~  
10 ~~water storage projects that meet the requirements of this section,~~  
11 ~~including all of the following:~~

12       ~~(a) Projects shall be selected by the commission through a~~  
13 ~~competitive public process that ranks projects based on the~~  
14 ~~expected public benefits received for public investment.~~

15       ~~(b) Eligible projects consist only of the following:~~

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

19       ~~(2) Groundwater storage projects and groundwater~~  
20 ~~contamination prevention or remediation projects that create~~  
21 ~~additional groundwater storage capacity.~~

22       ~~(3) Conjunctive use and reservoir reoperation projects including~~  
23 ~~associated infrastructure.~~

24       ~~(4) Projects that restore the capacity of reservoirs currently~~  
25 ~~impaired by sediment buildup, seismic vulnerability, or other~~  
26 ~~impairment.~~

27       ~~(5) Projects that result in a permanent reduction of water~~  
28 ~~exported from the Delta and a transfer of the equivalent water right~~  
29 ~~to instream flow pursuant to Section 1707. Priority shall be given~~  
30 ~~to projects that also result in the permanent elimination of irrigation~~  
31 ~~runoff contributing to salinity in the San Joaquin Valley.~~

32       ~~(6) Recycled water storage facilities.~~

33       ~~(c) A project within the Delta watershed shall not be funded~~  
34 ~~unless it provides measurable improvements to the Delta~~  
35 ~~ecosystem.~~

36       ~~(d) Funds allocated pursuant to this section may be expended~~  
37 ~~solely for the following public benefits:~~

38       ~~(1) Ecosystem improvements, including, but not limited to,~~  
39 ~~changing timing of diversions, improvement in flow conditions,~~

1 ~~temperature, or other benefits that contribute to restoration of~~  
2 ~~aquatic ecosystems and native fish and wildlife.~~

3 ~~(2) Water quality improvements in the Delta or in other river~~  
4 ~~systems that provide significant public trust resources or that clean~~  
5 ~~up and restore groundwater resources.~~

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

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

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

21 ~~(g) Any project constructed with funds provided by this section~~  
22 ~~shall be subject to Section 11590.~~

23 ~~79762. Funds available pursuant to Section 79761 shall not be~~  
24 ~~allocated to a project until the commission approves the project~~  
25 ~~based on the following determinations:~~

26 ~~(a) The commission has adopted the regulations specified in~~  
27 ~~Section 79761 and specifically quantified and made public the cost~~  
28 ~~of the public benefits associated with the project.~~

29 ~~(b) The department has entered into a contract with each party~~  
30 ~~that will derive benefits, other than public benefits, from the project~~  
31 ~~that ensures the party will pay its share of the total costs of the~~  
32 ~~project. The benefits available to a party shall be consistent with~~  
33 ~~that party's share of total project costs.~~

34 ~~(c) The department has entered into a contract with the~~  
35 ~~Department of Fish and Wildlife and the state board, after those~~  
36 ~~agencies have made a finding that the public benefits of the project~~  
37 ~~for which that agency is responsible meet all the requirements of~~  
38 ~~this chapter, to ensure that public contributions of funds pursuant~~  
39 ~~to this chapter achieve the public benefits identified for the project.~~

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

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

~~(1) Feasibility studies have been completed.~~

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

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

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

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

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

CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL  
IMPROVEMENT FOR DROUGHT PREPAREDNESS

*79760. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).*



1     **(b)** Notwithstanding Section 13340 of the Government Code,  
2     the sum of three billion dollars (\$3,000,000,000) is hereby  
3     continuously appropriated from the fund, without regard to fiscal  
4     years, to the commission for public benefits associated with water  
5     storage projects that improve the operation of the state water  
6     system, are cost effective, and provide a net improvement in  
7     ecosystem and water quality conditions, in accordance with this  
8     chapter. Funds authorized for, or made available to, the  
9     commission pursuant to this chapter shall be available and  
10    expended only for the purposes provided in this chapter, and shall  
11    not be subject to appropriation or transfer by the Legislature or  
12    the Governor for any other purpose.

13    **(c)** Projects shall be selected by the commission through a  
14    competitive public process that ranks potential projects based on  
15    the expected return for public investment as measured by the  
16    magnitude of the public benefits provided, pursuant to criteria  
17    established under this chapter.

18    **(d)** Any project constructed with funds provided by this chapter  
19    shall be subject to Section 11590.

20    79761. Projects for which the public benefits are eligible for  
21    funding under this chapter consist of only the following:

22    **(a)** Surface storage projects identified in the CALFED Bay-Delta  
23    Program Record of Decision, dated August 28, 2000, except for  
24    projects prohibited by Chapter 1.4 (commencing with Section  
25    5093.50) of Division 5 of the Public Resources Code.

26    **(b)** Groundwater storage projects and groundwater  
27    contamination prevention or remediation projects that provide  
28    water storage benefits.

29    **(c)** Conjunctive use and reservoir reoperation projects.

30    **(d)** Local and regional surface storage projects that improve  
31    the operation of water systems in the state and provide public  
32    benefits.

33    79762. A project shall not be funded pursuant to this chapter  
34    unless it provides measurable improvements to the Delta ecosystem  
35    or to the tributaries to the Delta.

36    79763. **(a)** Funds allocated pursuant to this chapter may be  
37    expended solely for the following public benefits associated with  
38    water storage projects:

39    **(1)** Ecosystem improvements, including changing the timing of  
40    water diversions, improvement in flow conditions, temperature,

1 *or other benefits that contribute to restoration of aquatic*  
2 *ecosystems and native fish and wildlife, including those ecosystems*  
3 *and fish and wildlife in the Delta.*

4 *(2) Water quality improvements in the Delta, or in other river*  
5 *systems, that provide significant public trust resources, or that*  
6 *clean up and restore groundwater resources.*

7 *(3) Flood control benefits, including, but not limited to,*  
8 *increases in flood reservation space in existing reservoirs by*  
9 *exchange for existing or increased water storage capacity in*  
10 *response to the effects of changing hydrology and decreasing snow*  
11 *pack on California's water and flood management system.*

12 *(4) Emergency response, including, but not limited to, securing*  
13 *emergency water supplies and flows for dilution and salinity*  
14 *repulsion following a natural disaster or act of terrorism.*

15 *(5) Recreational purposes, including, but not limited to, those*  
16 *recreational pursuits generally associated with the outdoors.*

17 *(b) Funds shall not be expended pursuant to this chapter for*  
18 *the costs of environmental mitigation measures or compliance*  
19 *obligations except for those associated with providing the public*  
20 *benefits as described in this section.*

21 *79764. In consultation with the Department of Fish and*  
22 *Wildlife, the state board, and the department, the commission shall*  
23 *develop and adopt, by regulation, methods for quantification and*  
24 *management of public benefits described in Section 79763 by*  
25 *December 15, 2016. The regulations shall include the priorities*  
26 *and relative environmental value of ecosystem benefits as provided*  
27 *by the Department of Fish and Wildlife and the priorities and*  
28 *relative environmental value of water quality benefits as provided*  
29 *by the state board.*

30 *79765. (a) Except as provided in subdivision (c), funds*  
31 *allocated pursuant to this chapter shall not be allocated for a*  
32 *project before December 15, 2016, and until the commission*  
33 *approves the project based on the commission's determination*  
34 *that all of the following have occurred:*

35 *(1) The commission has adopted the regulations specified in*  
36 *Section 79764 and specifically quantified and made public the cost*  
37 *of the public benefits associated with the project.*

38 *(2) The project applicant has entered into a contract with each*  
39 *party that will derive benefits, other than public benefits, as defined*  
40 *in Section 79763, from the project that ensures the party will pay*

1 *its share of the total costs of the project. The benefits available to*  
2 *a party shall be consistent with that party's share of total project*  
3 *costs.*

4 *(3) The project applicant has entered into a contract with each*  
5 *public agency identified in Section 79764 that administers the*  
6 *public benefits, after that agency makes a finding that the public*  
7 *benefits of the project for which that agency is responsible meet*  
8 *all the requirements of this chapter, to ensure that the public*  
9 *contribution of funds pursuant to this chapter achieves the public*  
10 *benefits identified for the project.*

11 *(4) The commission has held a public hearing for the purposes*  
12 *of providing an opportunity for the public to review and comment*  
13 *on the information required to be prepared pursuant to this*  
14 *subdivision.*

15 *(5) All of the following additional conditions are met:*

16 *(A) Feasibility studies have been completed.*

17 *(B) The commission has found and determined that the project*  
18 *is feasible, is consistent with all applicable laws and regulations,*  
19 *and will advance the long-term objectives of restoring ecological*  
20 *health and improving water management for beneficial uses of the*  
21 *Delta.*

22 *(C) All environmental documentation associated with the project*  
23 *has been completed, and all other federal, state, and local*  
24 *approvals, certifications, and agreements required to be completed*  
25 *have been obtained.*

26 *(b) The commission shall submit to the Legislature its findings*  
27 *for each of the criteria identified in subdivision (a) for a project*  
28 *funded pursuant to this chapter.*

29 *(c) Notwithstanding subdivision (a), funds may be made*  
30 *available under this chapter for the completion of environmental*  
31 *documentation and permitting of a project.*

32 *79766. (a) The public benefit cost share of a project funded*  
33 *pursuant to this chapter, other than a project described in*  
34 *subdivision (c) of Section 79761, shall not exceed 50 percent of*  
35 *the total costs of any project funded under this chapter.*

36 *(b) A project shall not be funded unless it provides ecosystem*  
37 *improvements as described in paragraph (1) of subdivision (a) of*  
38 *Section 79763 that are at least 50 percent of total public benefits*  
39 *of the project funded under this chapter.*

1     79767. (a) A project is not eligible for funding under this  
2 chapter unless, by January 1, 2022, all of the following conditions  
3 are met:

4     (1) All feasibility studies are complete and draft environmental  
5 documentation is available for public review.

6     (2) The commission makes a finding that the project is feasible,  
7 and will advance the long-term objectives of restoring ecological  
8 health and improving water management for beneficial uses of the  
9 Delta.

10    (3) The project applicant receives commitments for not less than  
11 75 percent of the nonpublic benefit cost share of the project.

12    (b) If compliance with subdivision (a) is delayed by litigation  
13 or failure to promulgate regulations, the date in subdivision (a)  
14 shall be extended by the commission for a time period that is equal  
15 to the time period of the delay, and funding under this chapter that  
16 has been dedicated to the project shall be encumbered until the  
17 time at which the litigation is completed or the regulations have  
18 been promulgated.

19    79768. Surface storage projects funded pursuant to this chapter  
20 and described in subdivision (a) of Section 79761 may be made a  
21 unit of the Central Valley Project as provided in Section 11290  
22 and may be financed, acquired, constructed, operated, and  
23 maintained pursuant to Part 3 (commencing with Section 11100)  
24 of Division 6.

25    79769. (a) The funds allocated for the design, acquisition, and  
26 construction of surface storage projects identified in the CALFED  
27 Bay-Delta Record of Decision, dated August 28, 2000, pursuant  
28 to this chapter may be provided for those purposes to local joint  
29 powers authorities formed by irrigation districts and other local  
30 water districts and local governments within the applicable  
31 hydrologic region to design, acquire, and construct those projects.

32    (b) The joint powers authorities described in subdivision (a)  
33 may include in their membership governmental partners that are  
34 not located within their respective hydrologic regions in financing  
35 the surface storage projects, including, as appropriate, cost-share  
36 participation or equity participation. Notwithstanding Section  
37 6525 of the Government Code, the joint powers authorities  
38 described in subdivision (a) shall not include in their membership  
39 any for-profit corporation, or any mutual water company whose  
40 shareholders and members include a for-profit corporation or any

1 *other private entity. The department shall be an ex officio member*  
2 *of each joint powers authority subject to this section, but the*  
3 *department shall not control the governance, management, or*  
4 *operation of the surface water storage projects.*

5 *(c) A joint powers authority subject to this section shall own,*  
6 *govern, manage, and operate a surface water storage project,*  
7 *subject to the requirement that the ownership, governance,*  
8 *management, and operation of the surface water storage project*  
9 *shall advance the purposes set forth in this chapter.*

10 79769.5. *(a) In approving the Safe, Clean, and Reliable*  
11 *Drinking Water Supply Act of 2014, the people were informed and*  
12 *hereby declare that the provisions of this chapter are necessary,*  
13 *integral, and essential to meeting the single object or work of the*  
14 *Safe, Clean, and Reliable Drinking Water Supply Act of 2014. As*  
15 *such, any amendment of the provisions of this chapter by the*  
16 *Legislature without voter approval would frustrate the scheme*  
17 *and design that induced voter approval of this act. The people*  
18 *therefore find and declare that any amendment of the provisions*  
19 *of this chapter by the Legislature shall require an affirmative vote*  
20 *of two-thirds of the membership in each house of the Legislature*  
21 *and voter approval.*

22 *(b) This section shall not govern or be used as authority for*  
23 *determining whether the amendment of any other provision of this*  
24 *act not contained in this chapter would constitute a substantial*  
25 *change in the scheme and design of this act requiring voter*  
26 *approval.*

27  
28 CHAPTER 9. GENERAL PROVISIONS  
29

30 79770. The proceeds of bonds issued and sold pursuant to this  
31 division shall be deposited ~~in~~ into the Safe Drinking Water, Water  
32 Quality, and Water Supply Fund of 2014, which is hereby created  
33 in the State Treasury. Moneys in the fund shall be available, upon  
34 appropriation by the Legislature, in the manner and for the purposes  
35 set forth in this division.

36 79772. An amount that equals not more than 5 percent of the  
37 funds allocated for a program pursuant to this division may be  
38 used to pay the administrative costs of that program.

39 79774. Up to 10 percent of funds allocated for each program  
40 funded by this division may be used to finance planning and

1 monitoring necessary for the successful design, selection, and  
2 implementation of the projects authorized under that program.  
3 This section shall not otherwise restrict funds ordinarily used by  
4 an agency for “preliminary plans,” “working drawings,” and  
5 “construction” as defined in the annual Budget Act for a capital  
6 outlay project or grant project. Water quality monitoring data shall  
7 be collected and reported to the state board in a manner that is  
8 compatible and consistent with surface water monitoring data  
9 systems or groundwater monitoring data systems administered by  
10 the state board.

11 79776. Chapter 3.5 (commencing with Section 11340) of Part  
12 1 of Division 3 of Title 2 of the Government Code does not apply  
13 to the development or implementation of programs or projects  
14 authorized or funded under this division other than Chapter-6 8  
15 (commencing with Section 79760).

16 79778. (a) Prior to disbursing grants or loans pursuant to this  
17 division, each state agency that is required to administer a financial  
18 assistance program under this division shall develop project  
19 solicitation and evaluation guidelines. The guidelines may include  
20 a limitation on the dollar amount of grants to be awarded. If the  
21 state agency has previously developed and adopted project  
22 solicitation and evaluation guidelines that meet the requirements  
23 of this division, it may use those guidelines.

24 (b) Prior to disbursing funds pursuant to this division, the state  
25 agency shall conduct public meetings to consider public comments  
26 prior to finalizing the guidelines, as determined to be necessary  
27 by the implementing state agency. The state agency shall publish  
28 the draft solicitation and evaluation guidelines on its Internet Web  
29 site at least 30 days before any public meetings. Upon adoption,  
30 the state agency shall transmit copies of the guidelines to the fiscal  
31 committees and the appropriate policy committees of the  
32 Legislature.

33 (c) Projects funded with proceeds from this division shall  
34 promote state planning priorities consistent with the provisions of  
35 Section 65041.1 of the Government Code and sustainable  
36 communities strategies consistent with the provisions of  
37 subparagraph (B) of paragraph (2) of subdivision (b) of Section  
38 65080 of the Government Code.

39 (d) To the extent feasible, in implementing Section-79742,  
40 79751, the *Sacramento-San Joaquin* Delta Conservancy shall seek

1 to achieve wildlife conservation objectives through projects on  
2 public lands or voluntary projects on private lands. Funds available  
3 pursuant to Section ~~79742~~ 79751 may be used, in consultation  
4 with the Department of Fish and Wildlife, for payments to  
5 landowners for the creation of measurable habitat improvements  
6 or other improvements to the condition of endangered or threatened  
7 species. The *Sacramento-San Joaquin* Delta Conservancy may  
8 develop and implement a competitive *program for habitat-credit*  
9 ~~exchange mechanism in order to maximize enhancements that~~  
10 *maximizes* voluntary landowner participation in projects that  
11 provide measurable *and long-lasting* habitat or species  
12 improvements in the Delta. These funds shall not be used to  
13 subsidize or decrease the mitigation obligations of any party.

14 (e) In implementing Section ~~79742~~, 79751, the *Sacramento-San*  
15 *Joaquin* Delta Conservancy shall coordinate, cooperate, and consult  
16 with the city or county in which a grant is proposed to be expended  
17 or an interest in real property is proposed to be acquired and with  
18 the Delta Protection Commission. Acquisitions pursuant to Section  
19 ~~79742~~ 79751 shall be from willing sellers only.

20 (f) In implementing Section ~~79742~~, 79751, the *Sacramento-San*  
21 *Joaquin* Delta Conservancy shall require grantees to demonstrate  
22 how local economic impacts, including impacts related to the loss  
23 of agricultural lands, will be mitigated.

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

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

31 (i) It is the intent of the ~~Legislature~~ *people* that California's  
32 working agricultural *and forested* landscapes be preserved wherever  
33 possible. To the extent feasible, watershed objectives included in  
34 this division should be achieved through use of conservation  
35 easements and voluntary landowner participation, including, but  
36 not limited to, the use of easements pursuant to Division 10.4  
37 (commencing with Section 10330) and Division 10.2 (commencing  
38 with Section 10200) of the Public Resources Code and voluntary  
39 habitat credit exchange mechanisms.

1     (j) *It is the intent of the people that any funds allocated pursuant*  
2 *to this division to an investor-owned utility regulated by the Public*  
3 *Utilities Commission or a mutual water company should be for*  
4 *the benefit of the ratepayers or the public and not the investors.*

5     (k) *In allocating funds pursuant to Section 79721, 79722, or*  
6 *79731, the state board shall consider a written statement prepared*  
7 *by a local agency formation commission regarding the*  
8 *consolidation or extension of, or other shared solutions for, water*  
9 *or sewer services.*

10    79780. It is the intent of the people that:

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

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

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

23    79783. Funds provided by this division shall be expended in  
24 a manner consistent with the applicable regional water quality  
25 control plan adopted pursuant to Chapter 4 (commencing with  
26 Section 13200) of Division 7 in effect at the time the project is  
27 approved.

28    79784. (a) Funds provided by this division shall not be used  
29 to support or pay for the costs of environmental mitigation  
30 measures or compliance obligations of any party except as part of  
31 the environmental mitigation costs of projects financed by this  
32 division. Funds provided by this division may be used for  
33 environmental enhancements or other public benefits.

34    (b) Funds provided by this division shall not be expended for  
35 the acquisition or transfer of water rights except for a permanent  
36 dedication of water approved in accordance with Section 1707  
37 where the state board specifies that the water is in addition to water  
38 that is required for regulatory requirements as provided in  
39 subdivision (c) of Section 1707. The requirement that a dedication  
40 of water be permanent shall not preclude the expenditure of funds



1 provided by this division for the initiation of the dedication as a  
2 short term or temporary urgency change, that is approved in  
3 accordance with Section 1707 and either Chapter 6.6 (commencing  
4 with Section 1435) of, or Chapter 10.5 (commencing with Section  
5 1725) of, Part 2 of Division 2, during the period required to prepare  
6 any environmental documentation and for approval of permanent  
7 dedication.

8 79786. Funds provided by this division shall not be expended  
9 to pay costs associated with design, construction, operation,  
10 maintenance, or mitigation of new Delta conveyance facilities.

11 79788. The Legislature may enact legislation necessary to  
12 implement programs funded by this division.

13 79790. (a) Eligible applicants under this division are public  
14 agencies, nonprofit organizations, public utilities, mutual water  
15 companies, and Indian tribes having a federally recognized  
16 governing body carrying out substantial governmental duties in,  
17 and powers over, any area. To be eligible for funding under this  
18 division, a project proposed by a public utility that is regulated by  
19 the Public Utilities Commission or a mutual water company shall  
20 have a clear and definite public purpose and shall benefit the  
21 customers of the water system.

22 (b) (1) *To be eligible for funding under this division, an urban*  
23 *water supplier shall adopt and submit an urban water management*  
24 *plan in accordance with the Urban Water Management Planning*  
25 *Act (Part 2.6 (commencing with Section 10610) of Division 6).*

26 (2) *To be eligible for funding under this division, an agricultural*  
27 *water supplier shall adopt and submit an agricultural water*  
28 *management plan in accordance with the Agricultural Water*  
29 *Management Planning Act (Part 2.8 (commencing with Section*  
30 *10800) of Division 6).*

31 (3) *In accordance with Section 10608.56, an agricultural water*  
32 *supplier or an urban water supplier is ineligible for funding under*  
33 *this division unless it complies with the requirements of Part 2.55*  
34 *(commencing with Section 10608) of Division 6.*

35 79792. (a) This division does not diminish, impair, or  
36 otherwise affect in any manner whatsoever any area of origin,  
37 watershed of origin, county of origin, or any other water rights  
38 protections, including, but not limited to, rights to water  
39 appropriated prior to December 19, 1914, provided under the law.  
40 This division does not limit or otherwise affect the application of

1 Article 1.7 (commencing with Section 1215) of Chapter 1 of Part  
2 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461,  
3 11462, and 11463, and Sections 12200 to 12220, inclusive.

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

12 (c) Nothing in this division supersedes, limits, or otherwise  
13 modifies the applicability of Chapter 10 (commencing with Section  
14 1700) of Part 2 of Division 2, including petitions related to any  
15 new conveyance constructed or operated in accordance with  
16 Chapter 2 (commencing with Section 85320) of Part 4 of Division  
17 35.

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

28 (e) Nothing in this division limits or otherwise affects the  
29 application of Chapter 2 (commencing with Section 85320) of Part  
30 4 of Division 35.

31 (f) Nothing in this division shall be construed to affect the  
32 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing  
33 with Section 5093.50) of Division 5 of the Public Resources Code)  
34 *or the federal Wild and Scenic Rivers Act (16 U.S.C. Sec. 1271 et*  
35 *seq.)*, and funds available pursuant to this division shall not be  
36 available for any project that could have an adverse effect on the  
37 free flowing condition of a wild and scenic river or any other river  
38 afforded protections pursuant to the California Wild and Scenic  
39 Rivers Act *or the federal Wild and Scenic Rivers Act (16 U.S.C.*  
40 *Sec. 1271 et seq.)*.

(g) *Nothing in this division shall be construed to affect any contract entered into before January 1, 2013, between the State of California and one or more of the delta water agencies pursuant to the authority granted under Chapter 283 of the Statutes of 1973, Chapter 1089 of the Statutes of 1973, or Chapter 1133 of the Statutes of 1973, as those chapters may have been amended.*

79794. *All funds provided by this division shall be administered and expended pursuant to existing law, as those provisions may be amended, including, but not limited to, the Sacramento-San Joaquin Delta Reform Act of 2009 (Division 35 (commencing with Section 85000), unless explicitly exempted by this division).*

#### CHAPTER 10. FISCAL PROVISIONS

79820. (a) Bonds in the total amount of ~~six billion eight hundred twenty-five million dollars (\$6,825,000,000)~~, *ten billion five hundred million dollars (\$10,500,000,000)*, or so much thereof as is necessary, not including the amount of any refunding bonds issued in accordance with Section 79840 may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

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

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

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  
8 Supply Finance Committee is ~~“the committee”~~ the “committee”  
9 as that term is used in the State General Obligation Bond Law.  
10 The finance committee consists of the Director of Finance, the  
11 Treasurer, the Controller, the Director of Water Resources, and  
12 the Secretary of the Natural Resources Agency, or their designated  
13 representatives. The Treasurer shall serve as chairperson of the  
14 finance committee. A majority of the finance committee may act  
15 for the finance committee.

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

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

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

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

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

39     (b) The sum necessary to carry out Section 79832, appropriated  
40 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 General  
3     Fund of an amount not to exceed the amount of the unsold bonds  
4     that have been authorized by the finance 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 moneys made available under this  
8     section shall be returned to the General Fund from proceeds  
9     received from the sale of bonds for the purpose of carrying out  
10    this division.

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

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

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

35    79840. The bonds issued and sold pursuant to this division  
36    may be refunded in accordance with Article 6 (commencing with  
37    Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
38    the Government Code, which is a part of the State General  
39    Obligation Bond Law. Approval by the voters of the state for the  
40    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 sells  
5 bonds pursuant to this division that include a bond counsel opinion  
6 to the effect that the interest on the bonds is excluded from gross  
7 income for federal tax purposes, under designated conditions or  
8 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  
21 these proceeds is not subject to the limitations imposed by that  
22 article.

23 ~~SEC. 3. The Legislature may appropriate funds from any of~~  
24 ~~the following sources for grants and direct expenditures to~~  
25 ~~accomplish the purposes of Chapter 5 (commencing with Section~~  
26 ~~79730) of Division 26.7 of the Water Code:~~

27 *SEC. 3. (a) The Legislature finds and declares that*  
28 *voter-approved bonds enacted in the past include funding for*  
29 *projects that are either no longer necessary or not as vital as other*  
30 *projects to the continued supply of safe, clean, and affordable*  
31 *water California needs today. Today’s electorate should have the*  
32 *choice to redirect proceeds from bonds approved decades ago to*  
33 *superior uses given California’s changing water supply needs.*

34 *(b) Notwithstanding any other provision of law and without*  
35 *limiting any other authorized use, any unencumbered proceeds of*  
36 *bonds in the following bond funds as of November 5, 2014, may*  
37 *be appropriated by the Legislature for one or more of the purposes*  
38 *of Sections 79724, 79729, and 79732 of the Water Code, including,*  
39 *but not limited to, making grants as provided in those provisions*

1 *rather than for the purposes described in the bond acts pursuant*  
2 *to which the bonds were issued:*

3 ~~(a) Notwithstanding the Water Conservation and Water Quality~~  
4 ~~Bond Law of 1986, the 1986~~

5 *(1) The 1986 Water Conservation and Water Quality Bond Fund*  
6 *created pursuant to Section 13453 of the Water Code.*

7 ~~(b) Notwithstanding the Water Conservation Bond Law of 1988,~~  
8 ~~the 1988~~

9 *(2) The 1988 Water Conservation Fund created pursuant to*  
10 *Section 12879.3 of the Water Code.*

11 ~~(c) Notwithstanding the Safe, Clean, Reliable Water Supply~~  
12 ~~Act of 1996, the Safe,~~

13 *(3) The Safe, Clean, Reliable Water Supply Fund created*  
14 *pursuant to Section 78505 of the Water Code and any accounts*  
15 *therein.*

16 ~~(d) Notwithstanding the Costa-Machado Water Act of 2000,~~  
17 ~~the Safe~~

18 *(4) The Safe Drinking Water, Clean Water, Watershed*  
19 *Protection, and Flood Protection Bond Fund created pursuant to*  
20 *Section 79013 of the Water Code and any accounts therein.*

21 *(c) Prior to a grant or any other application of any*  
22 *unencumbered proceeds of bonds for the purposes of Sections*  
23 *79724, 79729, and 79732 of the Water Code, either the finance*  
24 *committee as created by Section 79824 of the Water Code or the*  
25 *State Water Resources Control Board, whomever is approving the*  
26 *applicable grant or otherwise applying the bond proceeds, shall*  
27 *consult with the office of the Treasurer to determine whether the*  
28 *application of the bond proceeds to the particular purpose and*  
29 *the related operation and administration of any related project*  
30 *complies with any federal income tax restrictions and any*  
31 *contractual agreements then in effect relating to the applicable*  
32 *bonds.*

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

36 SEC. 5. Sections 2 and 3 of this act shall be submitted to the  
37 voters at the November 4, 2014, statewide general election in  
38 accordance with provisions of the Government Code and the  
39 Elections Code governing the submission of a statewide measure  
40 to the voters.

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

5 *SEC. 7. It is the intent of the Legislature to enact legislation*  
6 *during the 2013–14 Regular Session that would develop statewide*  
7 *groundwater management plan requirements.*

8 ~~SEC. 7.~~

9 SEC. 8. This act is an urgency statute necessary for the  
10 immediate preservation of the public peace, health, or safety within  
11 the meaning of Article IV of the Constitution and shall go into  
12 immediate effect. The facts constituting the necessity are:

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