

AMENDED IN ASSEMBLY AUGUST 18, 2014

**SENATE BILL**

**No. 1292**

---

---

**Introduced by Senator Hueso**

*(Coauthors: Assembly Members Alejo and Salas)*

February 21, 2014

---

---

An act to amend Section 116761.23 of the Health and Safety Code, relating to drinking water, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1292, as amended, Hueso. Safe Drinking Water State Revolving Fund.

Existing law, the California Safe Drinking Water Act, requires the State ~~Department of Public Health~~ *Water Resources Control Board* to administer provisions relating to the regulation of drinking water to protect public health. The ~~department's board's~~ duties include, but are not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act, and adopting and enforcing regulations.

Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, establishes the Safe Drinking Water State Revolving Fund, which is continuously appropriated to the ~~department~~ *board* for grants and revolving fund loans for the design and construction of projects for public water systems that will enable suppliers to meet safe drinking water standards. Existing law sets the maximum grant to each participating public water system for its share of the costs of the construction at \$3,000,000, except as provided.

This bill would increase the maximum amount of a construction grant award to \$5,000,000 for a water system serving severely disadvantaged

communities. By authorizing the increased expenditure of moneys in a continuously appropriated fund, this bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

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

1     *SECTION 1. Section 116761.23 of the Health and Safety Code,*  
2     *as added by Section 104 of Chapter 35 of the Statutes of 2014, is*  
3     *amended to read:*

4     116761.23. (a) The maximum amount of a planning grant  
5     permitted under this chapter for each participating public water  
6     system's share of the costs of the planning, engineering studies,  
7     environmental documentation, and design of a single project shall  
8     be no more than five hundred thousand dollars (\$500,000).

9     (b) Unless the board approves an increase pursuant to this  
10    subdivision, the maximum amount of a construction grant award  
11    authorized under this chapter to each participating public water  
12    system for its share of the cost of the construction of a single  
13    project shall be no more than three million dollars (\$3,000,000),  
14    *or no more than five million dollars (\$5,000,000) for a water*  
15    *system serving a severely disadvantaged community.* The board  
16    may approve an increase in the maximum amount for a construction  
17    grant award authorized under this chapter so that the maximum  
18    amount of the construction grant award does not exceed ten million  
19    dollars (\$10,000,000) only if the board makes all of the following  
20    findings:

21    (1) (A) A public water system that serves a disadvantaged  
22    community has a defined project need that exceeds the maximum  
23    grant amount of three million dollars (\$3,000,000).

24    (B) *A public water system that serves a severely disadvantaged*  
25    *community has a defined project need that exceeds the maximum*  
26    *grant amount of five million dollars (\$5,000,000).*

27    (2) The defined project has been bypassed in at least one funding  
28    cycle due to a lack of funds.

29    (3) The defined project is eligible for funding pursuant to the  
30    program regulations.

31    (4) The defined project represents the highest public health risk  
32    among unfunded projects, as determined by the board according  
33    to its standard criteria.

1 (c) Total funding under this article for planning, engineering  
2 studies, environmental documentation, project design, and  
3 construction costs of a single project, whether in the form of a loan  
4 or a grant, or both, shall be determined by an assessment of  
5 affordability using criteria established by the board.

6 (d) Subject to all other limitations of this chapter, a small  
7 community water system or nontransient noncommunity water  
8 system, owned by a public agency or private not-for-profit water  
9 company, serving severely disadvantaged communities shall be  
10 eligible to receive up to 100 percent of eligible project costs in the  
11 form of a grant, to the extent the system cannot afford a loan as  
12 determined by the board pursuant to Section 116761.20.

13 (e) Subject to the availability of funds and the applicant's ability  
14 to repay, an applicant may receive up to the full cost of the project  
15 in the form of a loan bearing interest at the rate established pursuant  
16 to subdivision (a) of Section 116761.65.

17 (f) This section shall become operative on July 1, 2014, and is  
18 repealed as of January 1 of the next calendar year occurring after  
19 the board provides notice to the Legislature and the Secretary of  
20 State and posts notice on its Internet Web site that the board has  
21 adopted a policy handbook pursuant to Section 116760.43.

22 ~~SECTION 1. Section 116761.23 of the Health and Safety Code~~  
23 ~~is amended to read:~~

24 ~~116761.23. (a) The maximum amount of a planning grant~~  
25 ~~permitted under this chapter for each participating public water~~  
26 ~~system's share of the costs of the planning, engineering studies,~~  
27 ~~environmental documentation, and design of a single project shall~~  
28 ~~be no more than five hundred thousand dollars (\$500,000).~~

29 ~~(b) Unless the department approves an increase pursuant to this~~  
30 ~~subdivision, the maximum amount of a construction grant award~~  
31 ~~authorized under this chapter to each participating public water~~  
32 ~~system for its share of the cost of the construction of a single~~  
33 ~~project shall be no more than three million dollars (\$3,000,000),~~  
34 ~~or no more than five million dollars (\$5,000,000) for a water~~  
35 ~~system serving a severely disadvantaged community. The~~  
36 ~~department may approve an increase in the maximum amount for~~  
37 ~~a construction grant award authorized under this chapter so that~~  
38 ~~the maximum amount of the construction grant award does not~~  
39 ~~exceed ten million dollars (\$10,000,000) only if the department~~  
40 ~~makes all of the following findings:~~

- 1     ~~(1) (A) A public water system that serves a disadvantaged~~  
2 ~~community has a defined project need that exceeds the maximum~~  
3 ~~grant amount of three million dollars (\$3,000,000).~~
- 4     ~~(B) A public water system that serves a severely disadvantaged~~  
5 ~~community has a defined project need that exceeds the maximum~~  
6 ~~grant amount of five million dollars (\$5,000,000).~~
- 7     ~~(2) The defined project has been bypassed in at least one funding~~  
8 ~~cycle due to a lack of funds.~~
- 9     ~~(3) The defined project is eligible for funding pursuant to the~~  
10 ~~program regulations.~~
- 11     ~~(4) The defined project represents the highest public health risk~~  
12 ~~among unfunded projects, as determined by the department~~  
13 ~~according to its standard criteria.~~
- 14     ~~(e) Total funding under this article for planning, engineering~~  
15 ~~studies, environmental documentation, project design, and~~  
16 ~~construction costs of a single project, whether in the form of a loan~~  
17 ~~or a grant, or both, shall be determined by an assessment of~~  
18 ~~affordability using criteria established by the department.~~
- 19     ~~(d) Subject to all other limitations of this chapter, a small~~  
20 ~~community water system or nontransient noncommunity water~~  
21 ~~system, owned by a public agency or private not-for-profit water~~  
22 ~~company, serving severely disadvantaged communities shall be~~  
23 ~~eligible to receive up to 100 percent of eligible project costs in the~~  
24 ~~form of a grant, to the extent the system cannot afford a loan as~~  
25 ~~determined by the department pursuant to Section 116761.20.~~
- 26     ~~(e) Subject to the availability of funds and the applicant's ability~~  
27 ~~to repay, an applicant may receive up to the full cost of the project~~  
28 ~~in the form of a loan bearing interest at the rate established pursuant~~  
29 ~~to subdivision (a) of Section 116761.65.~~