AMENDED IN SENATE JUNE 20, 2016

AMENDED IN ASSEMBLY MAY 31, 2016

AMENDED IN ASSEMBLY MARCH 30, 2016

AMENDED IN ASSEMBLY MARCH 16, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1704

Introduced by Assembly Member Dodd

January 25, 2016

An act to amend Sections 1228.3, 1228.6, and 1229.1 of, and to repeal and add Section 1229 of, Section 1602 of the Fish and Game Code, and to amend Sections 1229 and 1229.1 of the Water Code, relating to water rights. water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1704, as amended, Dodd. Water rights: small irrigation use: lake or streambed alteration agreements.

Existing law, the Water Rights Permitting Reform Act of 1988, authorizes a person to obtain a right to appropriate water for a small domestic use, small irrigation use, or livestock stockpond use upon first registering the use, as those uses are defined by the act, with the State Water Resources Control Board and thereafter applying the water to reasonable and beneficial use with due diligence. The act requires the registration of water use to be made upon a form prescribed by the board that requires, among other things, a certification that the registrant has contacted a representative of the Department of Fish and Wildlife and has agreed to comply with conditions set forth by the department. The act requires the board to establish reasonable general

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conditions to which all appropriations made pursuant to the act are required to be subject, including, among other things, that all conditions lawfully required by the department are conditions upon the appropriations. The act provides that the board is not required to adopt general conditions for small irrigation use until the board determines that funds are available for that purpose and that a registration for small irrigation use pursuant to the act is not authorized until the board establishes general conditions for small irrigation use to protect instream beneficial uses, as specified.

This bill would require the board, on or before January 1, 2018, to adopt general conditions that would permit a registrant to construct a facility that would store water for small irrigation use during times of high streamflow in exchange for the registrant reducing diversions during periods of low streamflow, as specified. The bill would require the board, on or before June 30, 2019, to adopt general conditions and, if necessary, amend existing general conditions for the registration of small irrigation use for other purposes.

Existing law exempts certain stream segments subject to certain minimum streamflow requirements from the provisions of the act upon proper registration.

This bill would instead authorize the board to issue and renew registrations on those stream segments if the registration includes conditions consistent with the applicable streamflow requirements.

Existing law prohibits an entity from substantially diverting or obstructing the natural flow of, or substantially changing or using any material from the bed, channel, or bank of, any river, stream, or lake, or from depositing certain material where it may pass into any river, stream, or lake, without first notifying the department of that activity and entering into a lake or streambed alteration agreement, if required by the department to protect fish and wildlife resources. Under existing law, it is unlawful for any person to violate these notification and agreement provisions and a person who violates them is also subject to a civil penalty of not more than \$25,000 for each violation.

This bill would require the department, if an activity includes the diversion of water and the notification for the activity is accompanied with a proposed registration of water use, a renewal of registration, or an amended registration, to determine whether it is complete in the same manner as it determines whether a notification is complete and to propose any lawful conditions on the registration in a draft agreement. The bill would provide that lawful conditions on a

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registration that are included in a final lake or streambed alteration agreement are deemed conditions upon the appropriations of water under the registration. The bill would state the intent of the Legislature that these provisions simplify and reduce the regulatory burden for activities that require both notification to the department of the activity and registration of the water use pursuant to the act. Because the violation of a lake or streambed alteration agreement is a crime, by including lawful conditions on a registration in a final lake or streambed alteration agreement, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Existing law requires applicants for appropriation of water for small domestic, small irrigation, or livestock stockpond use to register with the State Water Resources Control Board, as specified. Existing law requires the registration to include a certification that the registrant has contacted a representative of the Department of Fish and Wildlife and has agreed to comply with conditions set forth by the Department of Fish and Wildlife.

This bill would, instead, require the registrant to provide a copy of the registrant's registration form to the Department of Fish and Wildlife and, for registration for small irrigation use, agree to specified general conditions.

Existing law requires the board to establish general conditions to which all appropriations of water for small domestic, small irrigation, and livestock stockpond use are subject.

This bill would end the application of these general conditions to small irrigation use and would instead require the board, in consultation with the Department of Fish and Wildlife, to establish general conditions specific to small irrigation use, as specified. The bill would require the Department of Fish and Wildlife to adopt general conditions applicable to the diversion of water upon determining that funds are available for that purpose. The bill would also declare that it is the intent of the Legislature that the general conditions simplify the issuance of registrations.

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Under existing law, the board is not required to adopt general conditions for small irrigation use until the board determines that funds are available for that purpose and forbids registration for small irrigation use until these general conditions are established.

This bill would, instead, require the board to adopt general conditions for small irrigation use meeting certain timelines, and would specify certain of those general conditions. The bill would impose certain fees for these purposes.

Existing law exempts certain stream segments subject to minimum streamflow requirements under another law from these laws authorizing small domestic, small irrigation, and livestock stockpond use of water upon proper registration.

This bill would, instead, permit the board to issue and renew appropriations on these stream segments if the registration is consistent with certain requirements established by the Director of Fish and Wildlife.

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

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

- 1 SECTION 1. Section 1602 of the Fish and Game Code is 2 amended to read:
 - 1602. (a) An entity—may shall not substantially divert or obstruct the natural flow of, or substantially change or use any material from the bed, channel, or bank of, any river, stream, or lake, or deposit or dispose of debris, waste, or other material containing crumbled, flaked, or ground pavement where it may pass into any river, stream, or lake, unless all of the following occur:
 - (1) The department receives written notification regarding the activity in the manner prescribed by the department. The notification shall include, but is not limited to, all of the following:
 - (A) A detailed description of the project's location and a map.
 - (B) The name, if any, of the river, stream, or lake affected.
- 15 (C) A detailed project description, including, but not limited to, construction plans and drawings, if applicable.
- 17 (D) A copy of any document prepared pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code.

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(E) A copy of any other applicable local, state, or federal permit or agreement already issued.

- (F) Any other information required by the department.
- (2) The department determines the notification is complete in accordance with Chapter 4.5 (commencing with Section 65920) of Division 1 of Title 7 of the Government Code, irrespective of whether the activity constitutes a development project for the purposes of that chapter.
 - (3) The entity pays the applicable fees, pursuant to Section 1609.
 - (4) One of the following occurs:
 - (A)
- 12 (i)

- (A) (i) The department informs the entity, in writing, that the activity will not substantially adversely affect an existing fish or wildlife resource, and that the entity may commence the activity without an agreement, if the entity conducts the activity as described in the notification, including any measures in the notification that are intended to protect fish and wildlife resources.
- (ii) Each region of the department shall log the notifications of activities where no agreement is required. The log shall list the date the notification was received by the department, a brief description of the proposed activity, and the location of the activity. Each item shall remain on the log for one year. Upon written request by any person, a regional office shall send the log to that person monthly for one year. A request made pursuant to this clause may be renewed annually.
- (B) The department determines that the activity may substantially adversely affect an existing fish or wildlife resource and issues a final agreement to the entity that includes reasonable measures necessary to protect the resource, and the entity conducts the activity in accordance with the agreement.
- (C) A panel of arbitrators issues a final agreement to the entity in accordance with subdivision (b) of Section 1603, and the entity conducts the activity in accordance with the agreement.
- (D) The department does not issue a draft agreement to the entity within 60 days from the date notification is complete, and the entity conducts the activity as described in the notification, including any measures in the notification that are intended to protect fish and wildlife resources.

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(b) (1) If an activity involves the routine maintenance and operation of water supply, drainage, flood control, or waste treatment and disposal facilities, notice to and agreement with the department shall not be required after the initial notification and agreement, unless the department determines either of the following:

- (A) The work described in the agreement has substantially changed.
- (B) Conditions affecting fish and wildlife resources have substantially changed, and those resources are adversely affected by the activity conducted under the agreement.
- (2) This subdivision applies only if notice to, and agreement with, the department was attained prior to January 1, 1977, and the department has been provided a copy of the agreement or other proof of the existence of the agreement that satisfies the department, if requested.
- (c) (1) If an activity includes the diversion of water and the notification for the activity is accompanied with a proposed registration, renewal of registration, or amended registration of water use pursuant to Section 1228.3, 1228.5, or 1228.7 of the Water Code, the department shall do both of the following:
- (A) Determine whether the proposed registration, renewal of registration, or amended registration of water use is complete in the same manner as it determines whether a notification is complete in accordance with paragraph (2) of subdivision (a).
- (B) Propose any lawful conditions on the registration, including, but not limited to, conditions upon the construction and operation of diversion works as authorized by Section 1228.3 of the Water Code, in a draft agreement issued pursuant to Section 1603.
- (2) Any conditions on a registration that are included in a final agreement issued pursuant to Section 1603 shall be deemed conditions upon the appropriation as provided in paragraph (2) of subdivision (a) of Section 1228.6 of the Water Code.
- (3) It is the intent of the Legislature that this subdivision simplify and reduce the regulatory burden for activities that require notification pursuant to this section and the registration of water use pursuant to Article 2.7 (commencing with Section 1228) of Chapter 1 of Part 2 of Division 2 of the Water Code.

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(d) It is unlawful for any person to violate this chapter.

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SEC. 2. Section 1229 of the Water Code is amended to read:

1229. (a) The board is not required to adopt general conditions for small irrigation use pursuant to subdivision (a) of Section 1228.6 *and this section* until the board determines that funds are available for that purpose.

- (b) A registration for small irrigation use pursuant to this article is not authorized until the board establishes general conditions for small irrigation use pursuant to subdivision (a) of Section 1228.6 to protect instream beneficial uses.
- (c) The board may establish general conditions for some methods of diversion or categories of small irrigation use before establishing general conditions for other methods or categories, in which case a registration for small irrigation use is authorized only for those methods or categories for which the board has established the general conditions for the protection of instream beneficial uses.
- (d) On or before January 1, 2018, the board shall adopt general conditions that would permit a registrant to construct a facility that would store water for small irrigation use during times of high streamflow in exchange for that registrant reducing diversions during periods of low streamflow, pursuant to this section, as follows:
- (1) For diversions from coastal streams entering the Pacific Ocean and streams entering the San Francisco Bay for the following:
 - (A) Off-stream storage reservoirs.
- (B) On-stream storage reservoirs located on stream reaches where fish are not present.
- (2) For diversions from streams not described in paragraph (1) that, in the judgment of the board, the reduction in existing diversions during low flow periods will result in a benefit to fish and wildlife.
- (e) On or before June 30, 2019, the board shall adopt general conditions and, if necessary, amend existing general conditions for the registration of small irrigation use for purposes not described in subdivision (d).
 - SEC. 3. Section 1229.1 of the Water Code is amended to read:
- 1229.1. (a) This article does not apply to *On* those stream segments for which the Director of Fish and Wildlife establishes proposed streamflow requirements pursuant to Section 10002 of

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the Public Resources—Code, notwithstanding the July 1, 1989, deadline for preparation of the requirements. Code and for which the state board has adopted streamflow requirements, the board may issue and renew a registration in accordance with this article if the registration includes conditions consistent with the applicable streamflow requirements.

- (b) Notwithstanding subdivision (a), this article applies to a registration filed before the Director of Fish and Wildlife establishes proposed streamflow requirements for the source of water supply for the registration. The conditions for renewal under subdivision (e) of Section 1228.5 may include any conditions the Department of Fish and Wildlife determines to be necessary to protect stream-related fish and wildlife resources on a source of water supply for which the Director of Fish and Wildlife has established proposed streamflow requirements pursuant to Section 10002 of the Public Resources Code.
- SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SECTION 1. Section 1228.3 of the Water Code is amended to read:

1228.3. (a) Registration of water use pursuant to this article shall be made upon a form prescribed by the board. The registration form shall include instructions on how the registrant should comply with the general conditions adopted pursuant to Section 1228.6 or 1229, as applicable, and request the following from the registrant:

- (1) The name and post office address of the registrant.
- 34 (2) The source of water supply.
- 35 (3) The nature and amount of the proposed use.
- 36 (4) The proposed place of diversion.
- 37 (5) The place where it is intended to use the water.
- 38 (6) The time for completion of construction of diversion works 39 and for complete application of the water to the proposed use.
- and for complete application of the water to the proposed use

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(7) A certification that the registrant has provided a copy of the completed registration form to a representative of the Department of Fish and Wildlife designated by the department for this purpose and agrees to comply with general conditions in accordance with Section 1228.6 or 1229, as applicable.

- (8) Any other information that may reasonably be required by the board.
- (b) Registration of water use shall be deemed completed on the date that the form, executed in substantial compliance with the requirements of this section, and the registration fee specified in Section 1525 are received by the board.
- (c) The board shall issue monthly a list of registrations filed under this article during the preceding calendar month. This list shall contain the information required by paragraphs (1) to (6), inclusive, of subdivision (a). The list shall set forth a date prior to which an interested person may file a written protest in opposition to the approval of a stockpond registration. That date shall be not later than 30 days from the date on which the list is issued. The board shall mail the monthly list of registrations filed to a person who requests the list.
- (d) Prior to the date set forth on the list required under subdivision (e), an interested person may file with the board a written protest in opposition to the approval of a stockpond registration. The protest shall clearly set forth the protestant's objections to the registered use based on interference with prior rights. The protest shall be served on the registrant by the protestant by mailing a duplicate copy of the protest to the registrant, or through service undertaken in another manner determined to be adequate by the board. The procedures set forth in Article 1.5 (commencing with Section 1345) of Chapter 5 shall be used for reviewing a protested registration.
- SEC. 2. Section 1228.6 of the Water Code is amended to read: 1228.6. (a) The board shall establish, and may from time to time revise, reasonable general conditions to which all appropriations, other than small irrigation use, made pursuant to this article shall be subject. The conditions shall include, but shall not be limited to, the following:
 - (1) The appropriation is subject to prior rights.
- (2) All conditions lawfully required by the Department of Fish and Wildlife are conditions upon the appropriations.

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(3) Diversion works shall be constructed and water applied to beneficial use with due diligence.

- (4) Registration shall be renewed and water use reported pursuant to law and to the rules of the board.
- (b) Immediately upon registration pursuant to Section 1228.3, renewal of registration pursuant to Section 1228.5, or amended registration pursuant to Section 1228.7, the board shall provide the registrant with a written document setting forth the conditions required by this section, and the perfection and exercise of rights acquired pursuant to this article shall at all times be subject to those conditions.
- (e) The conditions required by this section shall be deemed "terms and conditions" within the meaning of Section 1825 and the expression of legislative intent contained in that section shall be applicable thereto. The authority of the board to enforce the terms and conditions of permits and licenses to appropriate water, and to prevent the unlawful diversion of water, including, but not limited to, provisions regarding cease and desist orders and the revocation of permits and licenses, shall be applicable to appropriations initiated or perfected pursuant to this article.
 - SEC. 3. Section 1229 of the Water Code is repealed.
 - SEC. 4. Section 1229 is added to the Water Code, to read:
- 1229. (a) The board shall, in consultation with the Department of Fish and Wildlife, establish and may from time to time revise, reasonable general conditions for small irrigation use. The general conditions may include requirements applicable only to specific methods of diversion or categories of registration, commensurate with the project's environmental impact. These conditions shall include, but shall not be limited to, the following:
 - (1) The appropriation shall be subject to prior rights.
- (2) Diversion works shall be constructed and water applied to beneficial use with due diligence.
- (3) Registration shall be renewed and water use reported pursuant to law and to the rules of the board.
- (4) The conditions required by the Department of Fish and Wildlife pursuant to subdivision (b).
- (b) The Department of Fish and Wildlife shall adopt general conditions applicable to the diversion of water required by the Department of Fish and Wildlife to comply with the requirements

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in Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code, which may include the following:

- (1) An assessment to avoid potential site-specific impacts on fish and wildlife resources.
 - (2) Submission of site-specific information.

- (3) Consultation with the Department of Fish and Wildlife regarding the findings of site specific-assessments and information.
- (4) Implementation of additional measures the Department of Fish and Wildlife lawfully deems necessary to avoid site-specific impacts, identified pursuant to paragraphs (1) to (3), inclusive, on fish and wildlife resources.
- (c) (1) It is the intent of the Legislature that the board and the Department of Fish and Wildlife adopt general conditions that simplify the issuance of registrations in a cost-effective and environmentally protective manner, and the regulatory burden of complying with the general conditions be commensurate with the complexity and type of resources potentially affected by the registration.
- (2) The Department of Fish and Wildlife is not required to adopt general conditions for small irrigation use pursuant to this section until it determines that funds are available for that purpose.
- (3) The board may continue to approve small irrigation use appropriations pursuant to any general conditions in effect pursuant to Section 1228.6 or 1229, as each read on December 31, 2016, which shall include any conditions lawfully required by the Department of Fish and Wildlife, before the adoption of general conditions pursuant to this section by the Department of Fish and Wildlife.
- (d) The board, no later than June 30, 2017, shall adopt general conditions that would permit a registrant to construct a facility that would store water for small irrigation use during times of high stream flow in exchange for that registrant reducing diversions during periods of low stream flow, pursuant to this section, for the following:
- (1) (A) Diversions from coastal streams entering the Pacific Ocean and streams entering the San Francisco Bay to off-stream storage reservoirs or on-stream storage reservoirs located on stream reaches where fish are not present.

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(B) Diversions under this paragraph from watersheds that support salmonid fisheries and from drainage areas of one square mile or less shall be subject to the following general conditions:

- (i) Diversions from drainage areas greater than 0.50 square miles but no more than one square mile shall occur only from November 1 to March 31 of each year and only when stream flow exceeds the February median flow at the point of diversion.
- (ii) Diversions from drainage areas greater than 0.25 square miles but no more than 0.50 square miles shall occur only when stream flow exceeds the February median flow at the point of diversion.
- (iii) Diversions from drainage areas 0.25 square miles or less may occur without season of diversion or minimum bypass requirements.
- (C) No diversion under this paragraph may result in a cumulative stream flow depletion at the one square mile drainage that exceeds 10 percent of the average annual volume of stream flow.
- (2) Diversions from other streams for which, in the judgment of the board, the reduction in existing diversions during low flow periods will result in a benefit to fish and wildlife.
- (e) Facilities to store water for small irrigation use adopted pursuant to subdivision (d) are subject to the following general conditions:
- (1) No water shall be diverted or used under the registration, and no construction related to the diversion shall commence, until the applicant has obtained and is in compliance with all necessary permits and other approvals required by other agencies.
- (2) Pursuant to Sections 100 and 275 and the common law public trust doctrine, all appropriations made under subdivision (d), including the method of diversion, purpose of water use, and quantity of water diverted, are subject to the continuing authority of the board in accordance with law and in the interest of the public welfare to protect public trust uses and to prevent waste, unreasonable use, unreasonable purpose of use, or unreasonable method of diversion of water.
- (3) (A) Diversion of water under the appropriation is subject to prior rights. An applicant may be required to curtail diversion or release water stored during the most recent collection season if diversion under the appropriation results in injury to holders of legal downstream senior water rights.

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(B) If the applicant holds collected water in a reservoir, as defined by Section 6004.5, the applicant may be required to bypass or release water through, over, or around the dam. If the release of the collected water would not effectively satisfy the prior downstream water rights, the applicant may be required to otherwise compensate the holders of the prior rights for any injury eaused.

- (4) All appropriations are issued subject to available flows. If the source contains treated wastewater, water imported from another stream system, or return flow from other projects, the state makes no guarantee that the supply will continue.
- (5) The appropriation does not authorize any act that results in the taking of a threatened, endangered, or candidate species, or any act that is now prohibited, or becomes prohibited in the future, under either the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code) or the federal Endangered Species Act (16 U.S.C. Section 1531 et seq.).
- (6) The appropriation is subject to the applicable board water measurement and reporting regulations.
- (f) The board shall adopt general conditions and, if necessary, amend existing general conditions for the registration of small irrigation use for purposes not described in subdivision (d) no later than June 30, 2018.
- (g) In addition to any fees imposed by the board in accordance with Section 1228.3 and Section 1525, the following fees for small irrigation use registrations shall be paid to the Department of Fish and Wildlife:
 - (1) A registration fee of five hundred dollars (\$500).
- (2) A renewal of registration fee of two hundred fifty dollars (\$250).
- (h) Beginning January 1, 2020, the board may periodically adopt regulations to update the general conditions specified in this section.
- (i) (1) A registration for small irrigation use pursuant to this article is not authorized until the board establishes general conditions for small irrigation use pursuant to this section.
- (2) The board may establish general conditions for some methods of diversion or categories of small irrigation use before establishing general conditions for other methods or categories,

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in which case a registration for small irrigation use is authorized
 only for those methods or categories for which the board has
 established general conditions for the protection of instream
 beneficial uses.

SEC. 5. Section 1229.1 of the Water Code is amended to read: 1229.1. The board may issue and renew registrations on those stream segments for which the Director of Fish and Wildlife establishes proposed streamflow requirements pursuant to Section 10002 of the Public Resources Code, if the registration includes conditions consistent with the proposed streamflow requirements.