

MOCK-UP OF SB 848(WOLK)
AS PROPOSED TO BE AMENDED BY THE AUTHOR

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3 repealed.

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

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

8
9 CHAPTER 1. SHORT TITLE

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

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14 CHAPTER 2. FINDINGS AND DECLARATIONS

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16 79705. In placing this measure before the voters, the Legislature finds and declares that
17 all of the following are in the public's interest:

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

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

20 (c) Increasing water supply and water supply reliability.

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

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

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

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28 79706. The Legislature further finds and declares that to achieve these objectives, it is
29 necessary to invest State resources in the following:

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

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

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

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

6 (2) Groundwater cleanup or pollution prevention in sources of drinking water.

7 (3) Water recycling projects.

8 (4) Projects to desalinate brackish and ocean water.

9 (5) Stormwater capture and reuse.

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

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

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

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

17 (1) New surface storage projects.

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

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

22

23 **CHAPTER 3. DEFINITIONS**

24

25 79710. Unless the context otherwise requires, the definitions set forth in this section
26 govern the construction of this division, as follows:

27 (a) "Commission" means the California Water Commission.

28 (b) "Committee" means the Safe Drinking Water, Water Quality, and Water Supply
29 Finance Committee created by Section 79824.

30 (c) "Delta" means the Sacramento-San Joaquin Delta as defined in Section 85058.

31 (d) "Delta Counties" means Contra Costa, Sacramento, San Joaquin, Solano, and Yolo
32 Counties.

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

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

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

5 (h) “Fund” means the Safe Drinking Water, Water Quality, and Water Supply Fund of
6 2014 created by Section 79770.

7 (i) “Integrated regional water management plan” means a comprehensive plan for a
8 defined geographic area that meets the requirements of Part 2.2 (commencing with Section
9 10530) of Division 6, as that part may be amended.

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

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

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

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

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

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

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

24
25 **CHAPTER 4. SAFE DRINKING WATER AND WATER QUALITY PROJECTS**

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27 79720. (a) It is the intent of the Legislature that this chapter provide funds to address the
28 most critical water needs of the state, including the provision of safe drinking water to all
29 Californians by improving safe drinking water supply reliability and financing urgent public
30 health emergency actions to ensure safe drinking water supplies, and implementing wastewater
31 treatment projects to keep contaminants out of rivers, lakes, streams, groundwater, and coastal
32 waters.

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

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79722. From the funds described in Section 79720, four hundred million dollars (\$400,000,000) shall be available to the state board for grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards and ensure affordable drinking water. Priority shall be given to projects that provide treatment for contamination or access to alternative drinking water sources for small water systems or state small water systems serving disadvantaged communities whose drinking water source is impaired by chemical and nitrate contaminants and other health hazards identified by the state board. Eligible recipients either operate small or state small water systems in disadvantaged communities. The state board may make grants for the purpose of financing feasibility studies and to meet the eligibility requirements for a construction grant. Eligible expenses may include initial operation and maintenance costs for systems serving disadvantaged communities. Special consideration will be given to projects that provide shared solutions for multiple communities, at least one of which is a disadvantaged community served by a small or state small water system or private well and that lacks safe, affordable drinking water. Construction grants shall be limited to five million dollars (\$5,000,000) per project, except that the state board may set a limit of not more than twenty million dollars (\$20,000,000) for projects that provide regional or shared solutions among multiple entities, at least one of which is a small disadvantaged community. Not more than 25 percent of a grant may be awarded in advance of actual expenditures.

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

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

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

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

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

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

(c) Establishing connections to an adjacent water system.

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1 (d) Design, purchase, installation, and operation and maintenance of interim water
2 treatment equipment and systems.

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4 79726. (a) From the funds described in Section 79720, four hundred million dollars
5 (\$400,000,000) shall be available to the state board for deposit in the Small Communities Grant
6 Subaccount for grants for wastewater treatment projects to keep contaminants out of rivers,
7 lakes, streams, groundwater, and coastal waters, and for other projects to protect the public and
8 fish and wildlife from contaminated sources of water. Priority shall be given to projects that
9 serve disadvantaged communities and severely disadvantaged communities, and to projects that
10 address public health hazards. Special consideration shall be given to small communities with
11 limited financial resources. Projects shall include, but not be limited to, projects that identify,
12 plan, design, and implement regional mechanisms to consolidate wastewater systems or provide
13 affordable treatment technologies.

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

20
21 style="text-align:center">CHAPTER 5. WATER SUPPLY ENHANCEMENT PROJECTS

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23 79728. (a) It is the intent of the Legislature that this chapter provide funds to enhance
24 water supplies and increase water supply reliability.

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

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28 79730. (a) From the funds described in Section 79728, one billion five hundred million
29 dollars (\$1,500,000,000) shall be available to the department for competitive grants for projects
30 that develop, improve, or implement an adopted integrated regional water management plan
31 consistent with Part 2.2 (commencing with Section 10530) of Division 6, as that part may be
32 amended, and improve the quality or supply of safe drinking water, reduce the amount of water
33 imported to the region, or address any of the following other critical water supply reliability
34 issues:

35 (1) Groundwater cleanup or pollution prevention in sources of drinking water.

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

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

5 (4) Water recycling projects.

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

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

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

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

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

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

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

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

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

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

3 (d) Where applicable, the department shall give special consideration to projects that
4 would assist in directly reducing the amount of water imported from the Delta.

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6 79732. The California Water Commission shall review the implementation of Section
7 79730 and shall certify that requirements for grant eligibility pursuant to that section are met
8 prior to the department making final grant awards.

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10 79734. Of the funds available pursuant to Section 79730, one billion four hundred
11 million dollars (\$1,400,000,000) shall be allocated to hydrologic regions as identified in the
12 California Water Plan and listed below. For the South Coast Region, the department shall
13 establish three sub-regions that reflect the San Diego county watersheds, the Santa Ana River
14 watershed, and the Los Angeles–Ventura County watersheds respectively, and allocate funds to
15 those sub-regions. The North and South Lahontan regions shall be treated as one region for the
16 purpose of allocating funds, but the department may require separate regional plans. Funds
17 provided by this Section shall be allocated according to the following schedule:

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|----|--------------------------------|----------------|
| 18 | (a) North Coast: | \$65,000,000. |
| 19 | (b) San Francisco Bay: | \$195,000,000. |
| 20 | (c) Central Coast: | \$85,000,000. |
| 21 | (d) Los Angeles subregion: | \$284,000,000. |
| 22 | (e) Santa Ana subregion: | \$174,000,000. |
| 23 | (f) San Diego subregion: | \$138,000,000. |
| 24 | (g) Sacramento River: | \$118,000,000. |
| 25 | (h) San Joaquin River: | \$98,000,000. |
| 26 | (i) Tulare/Kern (Tulare Lake): | \$102,000,000. |
| 27 | (j) North/South Lahontan: | \$74,000,000. |
| 28 | (k) Colorado River Basin: | \$67,000,000. |

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30 79736. (a) From the funds described in Section 79730, one hundred million dollars
31 (\$100,000,000) shall be available for grants for projects that significantly advance the application
32 and effectiveness of innovative integrated regional water management strategies, including, but
33 not limited to, the following:

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

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

4 (3) Other projects determined by the department to advance innovative strategies for the
5 integration of water management.

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

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9 79738. (a) From the funds described in Section 79728, five hundred million dollars
10 (\$500,000,000) shall be available to the state board for competitive grants for projects that
11 develop, implement, or improve a stormwater capture and reuse plan consistent with Part 2.4
12 (commencing with Section 10570) of Division 6, as that part may be amended, and that capture
13 and put to beneficial use stormwater or dry weather runoff.

14 (b) Stormwater capture and reuse projects developed pursuant to an adopted integrated
15 regional water management plan in compliance with Part 2.2 (commencing with Section 10530)
16 of Division 6 are also eligible for funding under this section provided those projects were
17 identified and developed in substantive compliance with Part 2.4 (commencing with Section
18 10570) of Division 6, as those parts may be amended.

19 (c) Eligible projects shall assist in the capture and reuse of stormwater or dry weather
20 runoff. Eligible projects include any of the following:

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

23 (2) The development of stormwater capture and reuse plans pursuant to Part 2.4
24 (commencing with Section 10570) of Division 6, as that part may be amended.

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

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

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

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

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CHAPTER 6. SACRAMENTO SAN JOAQUIN DELTA

79740. (a) It is the intent of the Legislature that funds provided in this chapter help implement the following:

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

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

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

79742. (a) From the funds described in Section 79740, sum of eight hundred million dollars (\$800,000,000) shall be available to the Delta Conservancy for water quality, ecosystem restoration, fish protection facilities, and community sustainability projects that benefit the Delta, including, but not limited to, the following:

(1) Projects to improve water quality facilities or projects that contribute to improvements in water quality in the Delta, including projects in Delta counties that provide multiple public benefits and improve drinking or agricultural water quality or water supplies.

(2) Habitat restoration, conservation, and enhancement projects to improve the condition of special status, at risk, endangered, or threatened species in the Delta and the Delta counties, including projects to eradicate invasive species, projects to prevent entrainment of fish, 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.

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

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4 79744. From the funds described in Section 79740, four hundred million dollars
5 (\$400,000,000) shall be available to the department to reduce the risk of levee failure and flood
6 in the Delta for any of the following:

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

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

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

13 (d) Emergency response and repair projects.

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15 CHAPTER 7. WATERSHED AND ECOSYSTEM IMPROVEMENT

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17 79746. (a) It is the intent of the Legislature that this chapter provide funds to protect and
18 restore watersheds and urban rivers, and address water quality deficiencies at state parks.

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

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22 79748. From the funds described in Section 79746, the sum of five hundred million
23 dollars (\$500,000,000) shall be available for water quality, river, and watershed protection and
24 restoration projects of statewide importance outside of the Delta. Funds provided by this Section
25 shall be allocated according to the following schedule:

26 (a) Two hundred fifty million dollars (\$250,000,000) to implement the Klamath
27 Hydroelectric Settlement Agreement. Of the two hundred fifty million dollars (\$250,000,000),
28 up to fifty million dollars (\$50,000,000) may be made available for restoration projects in
29 California pursuant to Klamath Basin Restoration Agreement provided that the full two hundred
30 fifty million dollars (\$250,000,000) is not needed for dam removal projects.

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

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

4 (d) Fifty million dollars (\$50,000,000) for projects that help fulfill state obligations under
5 the Tahoe Regional Planning Compact pursuant to Section 66800 of the Government Code.
6 Funds provided by this subdivision shall be appropriated pursuant to Title 7.42 (commencing
7 with Section 66905) of the Government Code.

8
9 79750. From the funds described in Section 79746, the sum of eight hundred seventy five
10 million dollars (\$875,000,000) shall be for projects that protect and improve California's
11 watersheds, wetlands, forests, and floodplains.

12 (a) Funds provided by this Section shall be allocated according to the following
13 schedule:

14	(1) Baldwin Hills Conservancy	\$10,000,000
15	(2) California Tahoe Conservancy	\$30,000,000
16	(3) Coachella Valley Mountains Conservancy	\$20,000,000
17	(4) San Diego River Conservancy	\$10,000,000
18	(5) San Gabriel & Lower Los Angeles Rivers & Mountains Conservancy	\$40,000,000
19	(6) San Joaquin River Conservancy	\$20,000,000
20	(7) Santa Monica Mountains Conservancy	\$65,000,000
21	(8) Sierra Nevada Conservancy	\$65,000,000
22	(9) State Coastal Conservancy	\$350,000,000
23	(10) Wildlife Conservation Board	\$215,000,000
24	(11) California Ocean Protection Council	50,000,000

25 (b) Of the funds provided to the State Coastal Conservancy by paragraph (9) of
26 subdivision (a), one hundred twenty five million dollars (\$125,000,000) are available as follows:

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

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

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1 79752. (a) From the funds described in Section 79746, two hundred fifty million dollars
2 (\$250,000,000) shall be available to the Secretary for Natural Resources for a competitive
3 program to fund multi-benefit watershed and urban rivers enhancement projects in urban
4 watersheds, including watersheds that drain to the San Francisco Bay, that increase regional and
5 local water self-sufficiency and that meet at least two or more of the following objectives:

6 (1) Promote groundwater recharge and water reuse.

7 (2) Reduce energy consumption.

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

9 (4) Create or restore native habitat.

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

11 (b) The program shall be implemented by state conservancies, the wildlife conservation
12 board, or other entities designated by the Natural Resources Agency whose jurisdiction includes
13 urban watersheds. The projects are subject to a plan developed jointly by the conservancies, the
14 wildlife conservation board, or other designated entities in consultation with the Natural
15 Resources Agency. Twenty five percent (25%) of the funds allocated pursuant to this Section
16 shall be available for projects that benefit disadvantaged communities. Up to ten percent (10%)
17 of the funds allocated pursuant to this section shall be available for project planning.

18
19 79754. From the funds described in Section 79746, twenty million dollars (\$20,000,000)
20 shall be available to the Department of Parks and Recreation to address public health deficiencies
21 in drinking water and wastewater quality at state parks.

22
23 79756. (a) From the funds described in Section 79746, thirty million dollars
24 (\$30,000,000) shall be available to the State Water Resources Control Board to fund watershed
25 activities by resources conservation districts.

26 (b) To be eligible for funding from this section, the board of a resource conservation
27 district must be appointed by the local county board of supervisors.

28
29 79758. From the funds described in Section 79746, twenty-five million dollars
30 (\$25,000,000) shall be available to the State Water Resources Control Board for competitive
31 grants for special districts and nonprofit organizations for projects that reduce or manage runoff
32 from agricultural lands for the benefit of surface and groundwater quality.

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CHAPTER 8. WATER STORAGE PROJECTS

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

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

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8 79762. From the funds described in Section 79760, the sum of one billion dollars
9 (\$1,000,000,000) shall be available to the commission for water storage projects that meet the
10 requirements of this section, including all of the following:

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

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

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

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

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

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

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

25 (6) Recycled water storage facilities.

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

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

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

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

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

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

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

12 (g) Any project constructed with funds provided by this Chapter shall be subject to
13 Section 11590.

14
15 79764. No funds available pursuant to Section 79762 may be allocated to a project until
16 the commission approves the project based on the following determinations:

17 (a) The commission has adopted the regulations specified in Section 79762 and
18 specifically quantified and made public the cost of the public benefits associated with the project.

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

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

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

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

32 (1) Feasibility studies have been completed.

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

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1 79776. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2
2 of the Government Code does not apply to the development or implementation of programs or
3 projects authorized or funded under this division other than Chapter 6 (commencing with Section
4 79760).

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

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

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

22 (d) To the extent feasible, in implementing Section 79742, the Delta Conservancy shall
23 seek to achieve wildlife conservation objectives through projects on public lands or voluntary
24 projects on private lands. Funds available pursuant Section 79742 may be used, in consultation
25 with the Department of Fish and Wildlife, for payments to landowners for the creation of
26 measurable habitat improvements or other improvements to the condition of endangered or
27 threatened species. The Delta Conservancy may develop and implement a competitive habitat
28 credit exchange mechanism in order to maximize voluntary landowner participation in projects
29 that provide measurable habitat or species improvements in the Delta. These funds shall not be
30 used to subsidize or decrease the mitigation obligations of any party.

31 (e) In implementing Section 79742, the Delta Conservancy shall coordinate, cooperate,
32 and consult with the city or county in which a grant is proposed to be expended or an interest in
33 real property is proposed to be acquired and with the Delta Protection Commission. Acquisitions
34 pursuant to Section 79742 shall be from willing sellers only.

35 (f) In implementing Section 79742, the Delta Conservancy shall require grantees to
36 demonstrate how local economic impacts, including impacts related to the loss of agricultural
37 lands, will be mitigated.

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

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

6 (i) It is the intent of the Legislature that California's working agricultural landscapes be
7 preserved wherever possible. To the extent feasible, watershed objectives included in this
8 division should be achieved through use of conservation easements and voluntary landowner
9 participation, including, but not limited to, the use of easements pursuant to Division 10.4
10 (commencing with Section 10330) and Division 10.2 (commencing with Section 10200) of the
11 Public Resources Code and voluntary habitat credit exchange mechanisms.

12
13 79780. It is the intent of the people that:

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

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

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

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

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

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1 period required to prepare any environmental documentation and for approval of permanent
2 dedication.

3
4 79786. Funds provided by this division shall not be expended to pay costs associated with
5 design, construction, operation, maintenance, or mitigation of new Delta conveyance facilities.

6
7 79788. The Legislature may enact legislation necessary to implement programs funded
8 by this division.

9
10 79790. Eligible applicants under this division are public agencies, nonprofit
11 organizations, public utilities, mutual water companies, and Indian tribes having a federally
12 recognized governing body carrying out substantial governmental duties in and powers over any
13 area. To be eligible for funding under this division, a project proposed by a public utility that is
14 regulated by the Public Utilities Commission or a mutual water company shall have a clear and
15 definite public purpose and shall benefit the customers of the water system.

16
17 79792. (a) This division does not diminish, impair, or otherwise affect in any manner
18 whatsoever any area of origin, watershed of origin, county of origin, or any other water rights
19 protections, including, but not limited to, rights to water appropriated prior to December 19,
20 1914, provided under the law. This division does not limit or otherwise affect the application of
21 Article 1.7 (commencing with Section 1215) of Chapter 1 of Part 2 of Division 2, Sections
22 10505, 10505.5, 11128, 11460, 11461, 11462, and 11463, and Sections 12200 to 12220,
23 inclusive.

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

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

34 (d) Unless otherwise expressly provided, nothing in this division supersedes, reduces, or
35 otherwise affects existing legal protections, both procedural and substantive, relating to the state
36 board's regulation of diversion and use of water, including, but not limited to, water right

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1 priorities, the protection provided to municipal interests by Sections 106 and 106.5, and changes
2 in water rights. Nothing in this division expands or otherwise alters the state board's existing
3 authority to regulate the diversion and use of water or the courts' existing concurrent jurisdiction
4 over California water rights.

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

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

12
13 79794. Unless explicitly exempted by this Act, all funds provided by this Act shall be
14 administered and expended pursuant to existing law, as that law may be amended. This includes,
15 but is not limited to, all provisions of the Sacramento-San Joaquin Delta Reform Act of 2009
16 (Division 35 (commencing with Section 85000) of the Water Code).

17
18 CHAPTER 10. FISCAL PROVISIONS
19

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

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

32
33 79822. The bonds authorized by this division shall be prepared, executed, issued, sold,
34 paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4
35 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code),
36 and all of the provisions of that law apply to the bonds and to this division and are hereby

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1 incorporated in this division as though set forth in full in this division, except subdivisions (a)
2 and (b) of Section 16727 of the Government Code.

3

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

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

16

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

22

23 79828. There shall be collected each year and in the same manner and at the same time as
24 other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an
25 amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all
26 officers charged by law with any duty in regard to the collection of the revenue to do and
27 perform each and every act that is necessary to collect that additional sum.

28

29 79830. Notwithstanding Section 13340 of the Government Code, there is hereby
30 appropriated from the General Fund in the State Treasury, for the purposes of this division, an
31 amount that will equal the total of the following:

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

34 (b) The sum necessary to carry out Section 79832, appropriated without regard to fiscal
35 years. 79832. For the purposes of carrying out this division, the Director of Finance may
36 authorize the withdrawal from the General Fund of an amount not to exceed the amount of the

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1 unsold bonds that have been authorized by the committee to be sold for the purpose of carrying
2 out this division less any amount borrowed pursuant to Section 79807. Any amounts withdrawn
3 shall be deposited in the fund. Any money made available under this section shall be returned to
4 the General Fund from proceeds received from the sale of bonds for the purpose of carrying out
5 this division.

6
7 79834. All money deposited in the fund that is derived from premium and accrued
8 interest on bonds sold shall be reserved in the fund and shall be available for transfer to the
9 General Fund as a credit to expenditures for bond interest, except that amounts derived from
10 premium may be reserved and used to pay the cost of bond issuance prior to any transfer to the
11 General Fund.

12
13 79836. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4
14 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond
15 proceeds, including premium, if any. To the extent the cost of bond issuance is not paid from
16 premiums received from the sale of bonds, the cost shall be shared proportionally by each
17 program funded through this division by the applicable bond sale.

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

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

34
35 79842. Notwithstanding any other provision of this division, or of the State General
36 Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include a bond

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1 counsel opinion to the effect that the interest on the bonds is excluded from gross income for
2 federal tax purposes, under designated conditions or is otherwise entitled to any federal tax
3 advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds
4 and for the investment of earnings on those proceeds. The Treasurer may use or direct the use of
5 those proceeds or earnings to pay any rebate, penalty, or other payment required under federal
6 law or take any other action with respect to the investment and use of those bond proceeds
7 required or desirable under federal law to maintain the tax exempt status of those bonds and to
8 obtain any other advantage under federal law on behalf of the funds of this state.

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

13
14 SEC. 3. The Legislature may appropriate funds from any of the following sources for
15 grants and direct expenditures to accomplish the purposes of Chapter 5 (commencing with
16 Section 79728) of Division 26.7 of the Water Code:

17 (a) Notwithstanding the Water Conservation and Water Quality Bond Law of 1986, the
18 1996 Water Conservation and Water Quality Bond Fund

19 (b) Notwithstanding the Water Conservation Bond Law of 1988, the 1988 Water
20 Conservation Fund.

21 (c) Notwithstanding the Safe, Clean, Reliable Water Supply Act of 1996, the Safe, Clean,
22 Reliable Water Supply Fund and any accounts therein.

23 (d) Notwithstanding the Safe Drinking Water, Clean Water, Watershed Protection, and
24 Flood Protection Act of 2000, the Safe Drinking Water, Clean Water, Watershed Protection, and
25 Flood Protection Bond Fund and any accounts therein.

26
27 SEC. 4. Section 1 of Chapter 74 of the Statutes of 2012 is repealed.

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

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

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

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

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

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