

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:

DIVISION 26.7. THE SAFE DRINKING WATER AND WATER SUPPLY RELIABILITY ACT OF 2010

CHAPTER 1. SHORT TITLE

79700. This division shall be known and may be cited as the Safe Drinking Water Supply and Water Supply Reliability Act of 2010.

CHAPTER 2. FINDINGS AND DECLARATIONS

79701. The people of California find and declare all of the following:

- (a) Many areas of the state are suffering from water shortages that affect the availability of safe drinking water and the viability of agriculture and the economy.
- (b) Providing adequate supplies of clean, safe drinking water is vital to California's economy.
- (d) Encouraging water conservation and recycling are commonsense methods to make more efficient use of existing water supplies.
- (e) Protecting lakes, rivers, and streams from pollution, cleaning up polluted groundwater supplies, and protecting water sources that supply the entire state are crucial to providing a reliable supply of drinking water and protecting the natural resources of California.

CHAPTER 3. DEFINITIONS

79702. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this division, as follows:

- (a) "Bay Delta Conservation Plan" means the final plan prepared pursuant to the Planning Agreement regarding the Bay Delta Conservation Plan, dated October 6, 2006.
- (b) "Bay-Delta Estuary" means the Delta, Suisun Bay, and Suisun Marsh.
- (c) "CALFED Bay-Delta Program" means the program described in the Record of Decision dated August 28, 2000.
- (d) "Commission" means the California Water Commission.
- (e) "Council" means the Delta Stewardship Council.
- (f) "Committee" means the Safe, Clean, Reliable Drinking Water Supply Finance Committee created by Section 79812.
- (h) "Delta" means the Sacramento-San Joaquin Delta as defined in Section 12220.
- (i) "Delta conveyance facilities" means facilities that convey water directly from the Sacramento River to the State Water Project or the federal Central Valley Project pumping facilities in the south Delta.
- (j) "Department" means the Department of Water Resources.
- (k) "Developed area" has the meaning set forth in Section 59.1 of Title 44 of the Code of Federal

Regulations.

(l) "Director" means the Director of Water Resources.

(m) "Disadvantaged community" has the meaning set forth in subdivision (a) of Section 79505.5.

(n) "Economically distressed area" means a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with a financial hardship, as determined by the department after considering factors including, but not limited to, median income of the residents, rate of unemployment, and low population density.

(o) "Fund" means the Safe, Clean, Reliable Drinking Water Supply Fund of 2010 created by Section 79720.

(p) "Integrated regional water management plan" has the meaning set forth in Section 10534.

(q) "Nonprofit organization" means an organization qualified to do business in California and qualified under Section 501(c) (3) of Title 26 of the United States Internal Revenue Code.

(r) "Public agency" means a state agency or department, district, joint powers authority, city, county, city and county, or other political subdivision of the state.

(s) "Secretary" means the Secretary of the Natural Resources Agency.

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

CHAPTER 4. GENERAL PROVISIONS

79705. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

79706. Up to 10 percent of funds allocated for each program funded by this division may be used for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for "preliminary plans," "working drawings," and "construction" as defined in the annual Budget Act for a capital outlay project grant project. Water quality monitoring shall be integrated into the surface water ambient monitoring program administered by the State Water Resources Control Board.

79707. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under Chapters 6, 7, 9, 10, 11 and 12 of this division.

79708. (a) Prior to disbursing grants pursuant to this division, each state agency that is required to administer a competitive grant program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines may include a limitation on the dollar amount of grants to be awarded.

(b) Prior to disbursing grants, the state agency shall conduct three public meetings to consider public comments prior to finalizing the guidelines. The state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before the public

meetings. One meeting shall be conducted at a location in northern California, one meeting shall be conducted in the central valley, and one meeting shall be conducted at a location in southern California. Upon adoption, the state agency shall transmit copies of the guidelines to the fiscal committees and the appropriate policy committees of the Legislature.

79709. It is the intent of the people that the investment of public funds pursuant to this division will result in public benefits.

79710. The State Auditor shall annually conduct a programmatic review and an audit of expenditures from the fund. The State Auditor shall report its findings annually on or before March 1 to the Governor and the Legislature, and shall make the findings available to the public.

79711. Funds provided by this division shall not be used to support or pay for the costs of environmental mitigation measures or compliance obligations of any party except as part of the environmental mitigation costs of projects financed by this division. Funds provided by this division may be used for environmental enhancements or other public benefits.

79712. Funds provided by this division shall not be expended to pay the costs of the design, construction, operation, or maintenance of delta conveyance facilities. Those costs shall be the responsibility of the agencies that benefit from the design, construction, operation, or maintenance of those facilities.

79713. Nothing in this division shall limit or otherwise affect the application of Sections 10505, 10505.5, 11128, 11460, 11461, 11462, 11463 and Sections 12200 to 12220, inclusive.

79714. The Legislature may enact legislation necessary to implement programs funded by this division.

79720. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the Safe, Clean, Reliable Drinking Water Supply Fund of 2010, which is hereby created.

CHAPTER 5. DROUGHT RELIEF AND PROTECTION

79724. (a) The sum of one billion dollars (\$1,000,000,000) shall be available, upon appropriation by the Legislature, from the fund to the department for grants and expenditures for the planning, design, and construction of local and regional drought relief projects that reduce the impacts of drought conditions including the impacts of delta diversion reductions. Projects shall be consistent with an adopted integrated regional water management plan and include the following:

- (1) Water conservation and efficiency projects.
- (2) Water recycling and related infrastructure.
- (3) Stormwater capture.
- (4) Groundwater cleanup.
- (5) Local and regional conveyance projects that improve connectivity and water management.

(6) Projects to provide safe drinking water to disadvantaged communities and economically distressed communities.

(7) Mitigation of conditions of groundwater overdraft, saline water intrusion, water quality degradation, or subsidence.

(8) Other local and regional water supply reliability projects.

(b) Projects must meet the following conditions:

(1) The project must provide a sustainable water supply that does not increase groundwater overdraft.

(2) The project must be capable of being operational within two years of receiving the grant.

(c) Preference shall be given to applicants that can demonstrate substantial past and current investments in conservation and local water projects.

(d) Not more than 10 percent of the funds provided by this section shall be available for planning investigations, studies, and monitoring.

(e) Not less than 10 percent of the funds provided by this section shall be available to the California Department of Public Health for grants and expenditures to finance emergency and urgent actions on behalf of disadvantaged communities and economically distressed areas to ensure that safe drinking water supplies are available to all Californians.

(f) The department shall require a cost share of not less than 50 percent of total project costs from non-state sources. The department may waive or reduce the cost share requirement for projects that directly benefit disadvantaged communities or economically distressed areas.

CHAPTER 6. WATER SUPPLY RELIABILITY

79730. The sum of two billion dollars (\$2,000,000,000) shall be available, upon appropriation by the Legislature from the fund to the department for the purposes of this chapter.

79731. One billion seven hundred million dollars (\$1,700,000,000) of the funds provided pursuant to Section 79730 shall be allocated for grants and expenditures in accordance with Section 79732.

79732. (a) Except as provided in subdivision (g) or (h), the department shall award grants to eligible projects that implement an adopted integrated regional water management plan.

(b) An urban water supplier that does not prepare, adopt, and submit its urban water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6) is ineligible to receive funds made available pursuant to Section 79731 until the urban water management plan is prepared and submitted in accordance with the requirements of that act.

(c) For the purposes of awarding a grant under this chapter, the department shall require a local cost share of not less than 50 percent of the total costs of the projects. The department may waive or reduce the cost-sharing requirement for projects that directly benefit a disadvantaged community or an economically distressed area.

- (d) Eligible projects include, but are not limited to, all of the following:
- (1) Agricultural and urban water use efficiency implementation projects, including, but not limited to, feasibility studies, technical assistance, education, and public outreach, and projects that result in water savings, increased instream flow, improved water quality, or increased energy efficiency.
 - (2) Recycling, reclamation, water treatment for the recovery of water supplies, desalination, and associated facilities, including distributions systems.
 - (3) Groundwater and surface storage projects, and conjunctive use and reservoir reoperations projects.
 - (4) Groundwater contamination prevention, cleanup, and treatment, and other water quality projects necessary to protect existing or potential water supplies. The implementation of a project financed pursuant to this paragraph does not relieve a responsible party or liable person from that person's obligation under existing state or federal law to clean up or remediate, or otherwise treat, contaminated water.
 - (5) Projects that reduce contributions to climate change from water management systems.
 - (6) Projects that enhance the adaptability to climate change of water management systems.
 - (7) Other projects that meet the requirements of Section 75026 of the Public Resources Code.
- (e) Eligible applicants are public agencies, public utilities, and mutual water companies. To be eligible for funding under Section 79731, projects proposed by public utilities that are regulated by the Public Utilities Commission and mutual water companies shall have a clear and definite public purpose and shall benefit the customers of those respective water systems.
- (f) The funding provided in Section 79731 shall be allocated to each hydrologic region as identified in the California Water Plan in accordance with this subdivision. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County (designated as the San Diego subregion), the Santa Ana River watershed and southern Orange County (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. The department may recognize multiple integrated regional water management plans in each of the areas allocated funding. Funds made available by this chapter shall be allocated as follows:
- (1) North Coast \$76,000,000
 - (2) San Francisco Bay \$171,000,000
 - (3) Central Coast \$91,000,000
 - (4) Los Angeles subregion \$243,000,000
 - (5) Santa Ana subregion \$167,000,000
 - (6) San Diego subregion \$122,000,000
 - (7) Sacramento River \$115,000,000
 - (8) San Joaquin River \$101,000,000
 - (9) Tulare/Kern \$103,000,000
 - (10) North/South Lahontan \$72,000,000
 - (11) Colorado River Basin \$79,000,000
 - (12) Interregional \$350,000,000
- (g) Interregional funds provided pursuant to paragraph (12) of subdivision (f) may be expended directly or granted by the department to address multiregional needs or state priorities, including, but not limited to, any of the following:

- (1) Investing in new water technology development and deployment.
- (2) Meeting state water recycling and water conservation goals.
- (3) Adapting to climate change impacts.
- (4) Reducing contributions to climate change.
- (5) Other projects to improve statewide water management systems.
- (6) Other projects and activities designed to meet the needs of disadvantaged communities or economically distressed areas including technical and grant writing assistance.
- (h) Fifty million dollars (\$50,000,000) of the interregional funds provided pursuant to paragraph (12) of subdivision (f) shall be allocated for costs incurred in connection with the provision of recreation and fish and wildlife enhancement at state water projects. The funds shall be available to meet the cost associated with the planning, construction, operation, and maintenance for recreation and fish and wildlife enhancement.

79735. Three hundred million dollars (\$300,000,000) of the funds provided pursuant to Section 79730 shall be allocated to the department for grants to disadvantaged communities or economically distressed areas consistent with the purposes of this chapter.

CHAPTER 7. DELTA SUSTAINABILITY

79740. (a) The Bay-Delta Estuary is a unique and irreplaceable combination of environmental and economic resources. Current management and use of the delta is not sustainable, and results in a high level of conflict among various interests. Future delta sustainability is threatened by changing hydrology due to climate change, water diversions, flood risk, seismic events, nonnative species, toxics, and other environmental problems. Future management of the delta must improve delta ecosystem health and improve the means of delta water conveyance in order to protect drinking water quality, improve water supply reliability, restore ecosystem health, and preserve agricultural and recreational values in the delta, while providing to counties and watersheds of origin assurances that their priority to water resources will be protected and that programs or facilities implemented or constructed in the delta will not result in redirection of unmitigated, significant adverse impacts to the counties and watershed of origin. Many sources of funding will be needed to implement improved delta management.

(b) This chapter provides state funding for public benefits associated with projects needed to assist in the delta's sustainability as a vital resource for fish, wildlife, water quality, water supply, agriculture, and recreation.

79741. The sum of three billion dollars (\$3,000,000,000) shall be available upon appropriation by the Legislature from the fund to the council for grants and direct expenditure, as follows:

(a) One billion dollars (\$1,000,000,000) for projects including grants to Delta counties and cities within the Delta that provide public benefits and support delta sustainability options, including projects and supporting scientific studies and assessments that do any of the following:

- (1) Ensure that urban and agricultural water supplies derived from the delta, including water supplies used within the delta, are not disrupted because of catastrophic failures of delta levees resulting from earthquakes, floods, land sinking, rising ocean levels, or other forces.
 - (2) Assist in preserving economically viable and sustainable agriculture and other economic activities in the Delta.
 - (3) Improve the quality of drinking water derived from the delta.
 - (4) Improve levee and flood control facilities and other vital infrastructure necessary to protect Delta communities affected by the implementation of this chapter.
 - (5) Provide physical improvements or other actions to create water flow and water quality conditions within the delta to provide adequate habitat for native fish and wildlife.
 - (6) Facilitate other projects that provide public benefits and support delta sustainability options approved by the Legislature, including costs associated with planning, monitoring, and design of alternatives, and project modifications and adaptations necessary to achieve the goals of this chapter.
- (b) Two billion dollars (\$2,000,000,000) for projects to protect and enhance the sustainability of the delta ecosystem, including any of the following:
- (1) Projects for the development and implementation of the Bay Delta Conservation Plan. The projects shall be implemented through a cooperative effort among regulatory agencies, regulated and potentially regulated entities, and affected parties, including state and federal water contractors. These funds may be expended for the preparation of environmental documentation and environmental compliance.
 - (2) Other projects to protect and restore native fish and wildlife dependent on the delta ecosystem, including the acquisition of water rights and the removal or reduction of undesirable invasive species.
 - (3) Projects to reduce greenhouse gas emissions from exposed delta soils.
 - (4) Scientific studies and assessments that support the projects authorized under this section.

CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL IMPROVEMENT

79750. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

(c) The sum of three billion dollars (\$3,000,000,000) is _____ available from the fund to the commission for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions, in accordance with this chapter. Funds authorized for, or made available to, the commission pursuant to this chapter shall be available and used only for the purposes provided in this article, and shall not be subject to appropriation or transfer by the Legislature or the Governor for any other purpose.

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

(e) Any project constructed with funds provided by this chapter shall be subject to Section 11590.

79751. Projects for which the public benefits are eligible for funding under this chapter consist of any of the following:

(a) Surface storage projects identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000.

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

(c) Conjunctive use and reservoir reoperation projects.

(d) Regional and local surface storage projects that improve the operation of water systems in the state and provide public benefits.

79752. A project shall not be funded pursuant to this chapter unless it provides measurable improvements to the delta ecosystem or the tributaries to the delta.

79753. (a) Funds allocated pursuant to this chapter may be expended solely for the following public benefits associated with water storage projects:

(1) Ecosystem improvements, including changing the timing of water diversions, improvement in flow conditions, temperature, or other benefits that contribute to restoration of aquatic ecosystems and native fish and wildlife, including those ecosystems and fish and wildlife in the delta.

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

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

(b) For the purposes of this chapter, "public benefits" does not include the costs of environmental mitigation measures or compliance obligations established prior to the enactment of this division under state or federal law.

79754. In consultation with the Department of Fish and Game, the State Water Resources Control Board, and the department, the commission shall develop and adopt, by regulation, methods for quantification and management of public benefits described under Section 79753 by December 15, 2013. The regulations shall include the priorities and relative environmental value of ecosystem benefits as provided by the Department of Fish and Game and the priorities and relative environmental value of water quality benefits as provided by the State Water Resources Control Board.

79755. (a) Except as provided under subdivision(c), no funds allocated pursuant to this chapter may be allocated for a project before December 15,2013 and

unless the commission approves the project based on the commission's determination that all of the following have occurred:

- (1) The commission has adopted the regulations specified in Section 79754 and specifically quantified and made public the cost of the public benefits associated with the project.
- (2) The department has entered into a contract with each party who will derive benefits, other than public benefits as defined in Section 79753, from the project that ensures the party will pay its share of the total costs of the project. The benefits available to a party shall be consistent with that party's share of total project costs.
- (3) The department has entered into a contract with each public agency identified in Section 79754 that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet all the requirements of this chapter, to assure that the public contribution of funds pursuant to this chapter achieves the public benefits identified for the project.
- (4) The commission has held a public hearing for the purposes of providing an opportunity for the public to review and comment on the information required to be prepared pursuant to this subdivision.
- (5) All of the following additional conditions are met:
 - (A) Feasibility studies have been completed.
 - (B) The director has found and determined that the project is feasible, is consistent with all applicable laws and regulations, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Bay-Delta system.
 - (C) All environmental documentation associated with the project has been completed, and all other federal, state, and local approvals, certifications, and agreements required to be completed have been obtained.
- (b) The commission shall submit to the Legislature its findings for each of the criteria listed in subdivision (a) for a project funded pursuant to this chapter.
- (c) Notwithstanding subdivision (a), funds may be made available under this chapter for the completion of environmental documentation and permitting of a project.

79756. (a) The public benefit cost share of a project funded pursuant to the chapter, other than a project defined under subdivision (c) of Section 79751, may not exceed 50 percent of the total costs of any project funded under this chapter.

(b) No project may be funded unless it provides ecosystem improvements as described in paragraph (1) of subdivision (a) of Section 79742 that are at least 50 percent of total public benefits of the project funded under this chapter.

79757. (a) No project identified in subdivision (a) of Section 79751 shall be eligible for funding under this chapter unless, by January 1, 2016, all of the following conditions are met:

- (1) All feasibility studies are complete and draft environmental documentation is available for public review.
- (2) The director makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Bay-Delta system.
- (3) The director receives commitments for not less than 75 percent of the non-public benefit cost share of the project.

(b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) shall be extended by the director for a time period that is equal to the time period of the delay.

79758. Surface storage projects funded pursuant to this chapter and described in subdivision (a) of Section 79751 may be made a unit of the Central Valley Project as provided in Section 11290 and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

CHAPTER 9. CONSERVATION AND WATERSHED PROTECTION

79760. The sum of one billion five hundred million dollars (\$1,500,000,000) shall be available, upon appropriation by the Legislature from the fund, in accordance with this chapter, for expenditures and grants for ecosystem and watershed protection and restoration projects, including, but not limited to, all of the following watersheds:

- (a) The San Joaquin River watershed.
- (b) The Kern River and Tulare Basin watersheds.
- (c) The Salton Sea and Colorado River watersheds.
- (d) The Los Angeles River watershed.
- (e) The San Gabriel River watershed.
- (f) The Santa Ana River watershed.
- (g) The Klamath River watershed, including the Trinity, Scott, and Shasta Rivers and watersheds.
- (h) North coast watersheds.
- (i) San Francisco Bay watersheds.
- (j) Central coast watersheds.
- (k) South coast watersheds.
- (l) Lake Tahoe Basin watershed.
- (m) The Sacramento River watershed, including the Yolo Bypass.
- (n) San Diego County coastal watersheds.
- (o) The Ventura River watershed.
- (p) The Sierra Nevada Mountain watersheds.
- (q) The Mojave River watershed.
- (r) The Owens River watershed.
- (s) The Santa Monica Bay watershed.

79761. Funds provided under this chapter may be appropriated to the Natural Resources Agency, the Department of Fish and Game, the Wildlife Conservation Board, the California Conservation Corps, the Department of Parks and Recreation, the Department of Forestry and Fire Protection, or to state conservancies for expenditures and grants consistent with this chapter and other applicable laws.

79762. (a) Funds provided for the Sacramento River and San Joaquin River watersheds pursuant to Section 79760 shall be available for projects consistent with the ecosystem restoration program element of the California Bay-Delta Program, or its successor, or the San Joaquin River Parkway Master Plan.

(b) Funds provided for Salton Sea watershed projects pursuant to Section

79760 shall be available for Salton Sea restoration activities identified for "Period I" in the Natural Resources Agency report entitled "Salton Sea Ecosystem Restoration Program Preferred Alternative Report and Funding Plan, "dated May 2007.

(c) Funds provided for the Lake Tahoe Basin watershed pursuant to Section 79760 shall be available for projects consistent with the Lake Tahoe Environmental Improvement Program.

(d) Funds provided for the Los Angeles River and San Gabriel River watersheds pursuant to Section 79760 shall be available pursuant to Section 79508, and for projects identified in the Los Angeles River Revitalization Master Plan.

79763. (a) The sum of eighty-five million dollars (\$85,000,000) shall be available for appropriation by the Legislature to the Department of Fish and Game for expenditures and grants to protect the delta ecosystem and the state's water supply from invasive species, including, but not limited to, asiatic clams, zebra mussels, quagga mussels, and New Zealand mud snails.

(b) At least fifty million dollars (\$50,000,000) of the funds provided pursuant to subdivision (a) shall be available for grants to public agencies, including water agencies, to pay for capital expenditures associated with the control of invasive species, including, but not limited to, chlorination facilities, habitat modifications, and monitoring equipment. The Department of Fish and Game shall administer the grant program.

(c) The Legislature, by statute, shall establish requirements for both of the following:

(1) Repayment of grant funds made available pursuant to this section in the event of cost recovery from parties responsible for the introduction of invasive species that affect the delta ecosystem and the state's water supply.

(2) Recipients of grants to make reasonable efforts to recover costs from parties described in paragraph (1).

79753. For restoration and ecosystem protection projects under this chapter, the services of the California Conservation Corps or community conservation corps shall be used whenever feasible.

79764. (a) Not less than four hundred million dollars (\$400,000,000) of the funds provided pursuant to Section 79760 shall be allocated to the State Coastal Conservancy for projects within coastal counties and coastal watersheds, including grants to the San Diego River Conservancy. Not less than forty million dollars shall be available for the Santa Ana River Parkway.

(b) Not less than one hundred million dollars (\$100,000,000) of the funds provided pursuant to Section 79760 shall be allocated to the Wildlife Conservation Board for direct expenditure or grants for the acquisition of water rights from willing sellers and the conveyance of water for the benefit of migratory birds on wildlife refuges and wildlife habitat areas subject to Section 3406(d) of the federal Central Valley Project Improvement Act (Public Law 102-575).

(c) Not less than four hundred million dollars (\$400,000,000) of the funds provided pursuant to Section 79760 shall be allocated to the Wildlife Conservation Board for direct expenditure or grants for the protection or restoration of watershed lands or rivers and streams that support species listed as threatened or endangered under state or federal law consistent with the requirements of programs identified in Division 2 of the Fish and Game Code or implement or develop a Natural Community Conservation Plan pursuant to Chapter 10 (Commencing with Section 2800) of Division 3 of the Fish and Game Code.

79766. Not more than two hundred fifty million dollars (\$250,000,000) of the funds provided pursuant to Section 79760 shall be allocated for dam removal and related measures in the Klamath River watershed if the Secretary of Natural Resources finds that the following conditions have been met:

- (a) The State of California, State of Oregon, United States, and PacifiCorp have executed a dam removal agreement.
- (b) The United States and the States of California and Oregon have made the determinations required under the agreement to effect dam removal.
- (c) Ratepayer funds required by the agreement have been authorized and will be timely provided.
- (d) All other conditions required in the agreement have been met.

79768. For the purposes of this chapter, the terms "restoration" and "protection" have the meanings set forth in Section 75005 of the Public Resources Code.

CHAPTER 10. GROUNDWATER PROTECTION AND WATER QUALITY

79770. The sum of seven hundred million dollars (\$700,000,000) shall be available upon appropriation by the Legislature from the fund for the purposes of this chapter.

79771. (a) Three hundred million dollars (\$300,000,000) of the funds provided pursuant to Section 79770 shall be allocated for expenditures, grants, and loans for projects to prevent or reduce the contamination of groundwater that serves as a source of drinking water. Projects shall be consistent with an adopted integrated regional water management plan. Funds appropriated pursuant to this section shall be available to the California Department of Public Health for projects necessary to protect public health by preventing or reducing the contamination of groundwater that serves as a major source of drinking water for a community.

(b) Projects shall be prioritized based upon the following criteria:

- (1) The threat posed by groundwater contamination to the affected community's overall drinking water supplies, including the need for treatment of alternative supplies if groundwater is not available due to contamination.
- (2) The potential for groundwater contamination to spread and reduce drinking water supply and water storage for nearby population areas.
- (3) The potential of the project, if fully implemented, to enhance local water supply reliability.
- (4) The potential of the project to increase opportunities for groundwater recharge and optimization of groundwater supplies.

(c) The board shall give additional consideration to projects that meet any of the following criteria:

- (1) The project is implemented pursuant to a comprehensive basinwide groundwater quality management and remediation plan or is necessary to develop a comprehensive groundwater plan.
- (2) Affected groundwater provides a local supply that, if contaminated and not remediated, will require import of additional water from outside the region.
- (3) The project will serve an economically disadvantaged community or an economically distressed area.
- (4) The project addresses contamination at a site where the responsible parties have not been

identified, or where the responsible parties are unwilling or unable to pay for cleanup.

(d) Of the amount made available by this section, not less than one hundred million dollars (\$100,000,000) shall be allocated to projects that benefit disadvantaged communities and economically distressed areas including technical and grant writing assistance.

(e) Of the amount made available by this section, up to one hundred million dollars (\$100,000,000) shall be available for projects that meet the requirement of this section and both of the following criteria:

(1) The project is part of a basin wide management and remediation plan for which federal funds have been allocated.

(2) The project addresses contamination at a site on the list maintained by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code or a site listed on the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980(42 U.S.C. Sec. 9601 et seq.).

(f) The Legislature, by statute, shall establish both of the following:

(1) Requirements for repayment of grant funds in the event of cost recovery from parties responsible for the groundwater contamination.

(2) Requirements for recipients of grants to make reasonable efforts to recover costs from parties responsible for groundwater contamination.

79773. (a) Three hundred million dollars (\$300,000,000) of the funds provided pursuant to Section 79770 shall be allocated to the State Water Resources Control Board for competitive grants and loans for stormwater management and water quality projects pursuant to this section.

(b) Eligible projects shall assist in compliance with total maximum daily load(TMDL) implementation plans and be consistent with all applicable waste discharge permits.

(c) Eligible projects include facilities and infrastructure to reduce, manage, and treat stormwater runoff, including, but not limited to:

(1) Detention and retention basins.

(2) Dry weather diversion facilities, trash filters, and screens.

(3) Treatment wetlands creation and enhancement.

(4) Stormwater runoff reduction projects, including permeable surface installation, cisterns, and collection and treatment facilities for groundwater recharge.

(5) Other stormwater management infrastructure for low-impact development.

(d) The board shall require not less than a 50 percent local cost share for grant funds, but may suspend or reduce the matching requirements for disadvantaged communities and economically distressed areas.

(e) The board shall award grants on a competitive basis, considering the following criteria:

(1) Water quality benefits of the project, including the project's ability to reduce impairment of the receiving water body.

(2) Cost effectiveness.

(3) Public health benefits of the project.

(f) Eligible recipients shall include local public agencies and joint powers authorities.

79774. One hundred million dollars (\$100,000,000) of the funds provided pursuant to Section 79770 shall be allocated to the Ocean Protection Fund (Chapter 4, commencing with Section 35650 of Division 26.5) and available for the purposes of projects consistent with Section 35650.

CHAPTER 11. WATER RECYCLING AND ADVANCED TREATMENT TECHNOLOGIES

79780. (a) The sum of four hundred million dollars (\$400,000,000) shall be available upon appropriation by the Legislature from the fund for grants and loans for water recycling and advanced treatment technology projects that include all of the following:

- (1) Water recycling projects.
- (2) Contaminant and salt removal projects including groundwater and seawater desalination.
- (3) Dedicated distribution infrastructure for recycled water including commercial and industrial end-user retrofit projects to allow use of recycled water.
- (4) Pilot projects for new salt contaminant removal technology.
- (5) Groundwater recharge infrastructure related to recycled water.
- (6) Technical assistance and grant writing assistance for disadvantaged communities and economically distressed areas.

(b) Grants or loans shall require not less than a 50 percent cost share, but matching requirements may be suspended or reduced for disadvantaged communities and economically distressed areas. Projects shall be selected on a competitive basis, considering the following criteria:

- (1) Water supply reliability improvement.
- (2) Water quality and ecosystem benefits related to decreased reliance on diversions from the delta or in-stream flows.
- (3) Public health benefits from improved drinking water quality.
- (4) Cost effectiveness.
- (5) Energy efficiency and greenhouse gas emission impacts.

(c) Eligible applicants under this chapter are public agencies, public utilities, and mutual water companies. Projects shall be consistent with an adopted integrated regional water management plan. To be eligible for funding under this chapter, projects proposed by public utilities that are regulated by the Public Utilities Commission and mutual water companies shall have a clear and definite public purpose and shall benefit the customers of those respective water systems.

CHAPTER 12. FISCAL PROVISIONS

79810. (a) Bonds in the total amount of eleven billion seven hundred million dollars (\$11,700,000,000), not including the amount of any refunding bonds issued in accordance with Section 79822, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute valid and binding obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest

become due and payable.

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

79811. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law, and all of the provisions of that law apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division, except Section 16727 of the Government Code shall not apply to the extent that it is inconsistent with any other provision of this division.

79812. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the Safe Drinking Water Finance Committee is hereby created. For purposes of this division, the Safe Drinking Water Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law.

(b) The committee consists of the Director of Finance, the Treasurer, the Controller, the Director of Water Resources, and the Secretary for the Natural Resources Agency. Notwithstanding any other provision of law, any member may designate a deputy to act as that member in his or her place for all purposes, as though the member were personally present.

(c) The Treasurer shall serve as chairperson of the committee.

(d) A majority of the members of the committee shall constitute a quorum of the committee, and may act for the committee.

79813. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

79814. "Board," as defined in Section 16722 of the Government Code for the purposes of compliance with the State General Obligation Bond Law, means the department.

79815. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged bylaw with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

79816. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this division, an amount that will equal the total of the following:

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

(b) The sum that is necessary to carry out the provisions of Section 79819, appropriated without regard to fiscal years.

79817. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account in accordance with Section 16312 of the Government Code for the purpose of carrying out this division. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this division. The board shall execute those documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated in accordance with this division.

79818. Notwithstanding any other provision of this division, or of the State General Obligation Bond Law, if the Treasurer sells bonds that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and for the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

79819. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this division. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, with interest at the rate earned by the money in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

79820. All money deposited in the fund that is derived from premiums and accrued interest on bonds sold pursuant to this division shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

79821. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond proceeds. These costs shall be shared proportionately by each program funded through this division.

79822. The bonds issued and sold pursuant to this division may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of testate General Obligation Bond Law. Approval by the electors of the state for the issuance of the bonds under this division shall include approval of the issuance of any bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

79823. The proceeds from the sale of bonds authorized by this division aren't "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 2. (a) Notwithstanding the requirements of Sections 9040, 9043, 9044, 9061, and 9082 of the Elections Code or any other provision of law, the Secretary of State shall submit Section 1 of this act to the voters at the November 3, 2010, statewide general election.

(b) Notwithstanding Section 13115 of the Elections Code, Section 1 of this act and any other measure placed on the ballot by the Legislature for the November-3, 2010, statewide general election after the 131-day deadline set forth in Section 9040 of the Elections Code shall be placed on the ballot, following all other ballot measures, in the order in which they qualified as determined by chapter number.

(c) The Secretary of State shall include, in the ballot pamphlets mailed pursuant to Section 9094 of the Elections Code, the information specified in Section 9084 of the Elections Code regarding the bond act contained in Section 1 of this act. If that inclusion is not possible, the Secretary of State shall publish a supplemental ballot pamphlet regarding this act to be mailed with the ballot pamphlet. If the supplemental ballot pamphlet cannot be mailed with the ballot pamphlet, the supplemental ballot pamphlet shall be mailed separately.

SEC. 3. (a) (1) Notwithstanding Section 9051 of the Elections Code or any other provision of law, the Attorney General shall provide and return to the Secretary of State a ballot title and summary in 10-point type for all state ballot pamphlets of the November 3, 2010, statewide general election that contains the following title and summary for Bill, adopted by the Legislature at the 2009-10 Regular Session **NEED BALLOT LABEL HERE**

(2) The language in paragraph (1) shall be the only language included in the title and summary for _____ Bill _____, adopted by the Legislature at the 2009-10 Regular Session, and the Attorney General shall not supplement, subtract from, or revise that language.

(3) Notwithstanding any other provision of law, including Sections 9050, 9051, 13247, 13262, and 13281 of the Elections Code, the language in paragraph (1) for the title and summary shall also be the language included in the ballot label for the condensed statement of the ballot title, and the Attorney General shall not supplement, subtract from, or revise that language, except that the Attorney General may include the fiscal impact summary prepared pursuant to Section 9087 of the Elections Code and Section 88003 of the Government Code. The ballot label is the condensed statement of the ballot title and the financial impact summary.

(b) Opposite the square, there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against the act.

(c) Where the voting in the election is done by means of voting machines used pursuant to law in the manner that carries out the intent of this section, the use of the voting machines and the expression of the voters' choices by means thereof are in compliance with this section.

SEC. 4. Section 1 of this act shall take effect only upon the approval by the voters of the Safe Drinking Water and Water Supply Reliability Act 2010, as set forth in that section.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are: In order to finance a critical water supply reliability and water source protection program as soon as possible, it is necessary that this act take effect immediately.

SEC. 6. Section 13332.11.1 of the Government Code is amended to read: 13332.11.1.

Notwithstanding Section 13332.11, the expenditure by the Department of Water Resources of funds appropriated pursuant to Section 5096.821 or 75032 of the Public Resources Code or Section 79790 of the Water Code is not subject to the approval of the State Public Works Board if either of the following applies to the expenditure:

(a) The department is performing work pursuant to an emergency.

(b) The department does all of the following:

(1) Obtains engineering review of the proposed project from the United States Army Corps of Engineers.

(2) Obtains engineering review of the proposed project from an independent board of consultants for any project with a construction cost exceeding five million dollars (\$5,000,000).

(3) Provides a written report to the Central Valley Flood Protection Board.

(4) Provides information on the project expenditure to the Legislature in semiannual report due on April 1 and October 1 each year.

(5) Provides written notification to the Legislature if funds are made available by Section 75032 of the Public Resources Code to pay a project cost increase for which the Legislature has not otherwise been notified in writing.