

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

April 27, 1993

To: Board of Directors (Executive Committee--Information)
 (Water Problems Committee--Information)
 (Special Committee on Legislation--Information)

From: General Manager

Subject: Assembly Bill 1514 (Jones and Costa)

Report

On March 4, 1993, Assembly Bill (AB) 1514 was introduced by Assembly members Jones (R-Fresno) and Costa (D-Fresno). This legislation, which was revised on March 22, 1993, is cited as the Delta Facilities and Central Valley Environmental Restoration Bond Law of 1994. The purpose of the legislation is to submit a bond act to the voters in the next statewide election. The bonds would provide funding for facilities in the Sacramento-San Joaquin Delta to enhance the reliability of water supplies to urban, agricultural, and environmental users. In addition, it would provide funding for the State's share of the Central Valley environmental restoration measures as set forth in the Central Valley Project Improvement Act. The following summarizes key provisions contained in this legislation:

- The funding mechanism proposed in this legislation would authorize general obligation bonds and identify sources of revenue to repay these bonds. (It is anticipated that water supply benefits and mitigation of water development impacts would be repaid by the beneficiaries and that the costs associated with environmental enhancements would be broadly spread. However, no specific language is set forth in the bill).
- A Delta Facilities and Central Valley Environmental Restoration Finance Committee would be created to authorize the issuance and sale of the bonds. This committee would be composed of the Governor, the Controller, the Treasurer, the Director of Finance, and the Director of Fish and Game.
- \$150 million in bonds would be authorized for the Central Valley Environmental Restoration Bond Fund of 1994, to provide the State's share of environmental restoration measures in the Central Valley Project Improvement Act.

- A bond amount (undetermined at the time of this analysis) would be authorized for the Delta Facilities Fund of 1994 to be used for Delta facilities improvements.
- The facilities funded by the bonds authorized under this act would include: constructing and improving levees, channels, control structures, and other appurtenant facilities in the Delta; and constructing and improving fish screens and fish recovery facilities. These facilities would provide for improvement in the transfer of water across the Delta; flood and salinity control; and other related functions as provided in the Burns-Porter Act.

AB 1514 is a legislative vehicle for developing consensus related to funding activities in the Bay-Delta estuary. The authors of AB 1514 are actively seeking input from the urban sector and others regarding possible modifications that would make this bill more workable and that would allow more statewide support to develop. One possible approach may be to combine revenues from water user fees, similar to those contemplated in draft D-1630, with revenues from bonding sources currently included in the legislation. These modifications must be tailored to deserve support from urban, agriculture, and environmental interest groups. Staff are participating in discussions related to AB 1514 and will keep your Board fully informed as issues are further defined and developed.

Board Committee Assignments

This letter is referred for information to:

The Executive Committee on Legislation because it involves a legislative matter that may affect the District, pursuant to Administrative Code Section 2381(a);

The Water Problems Committee because of its authority regarding policies on water conservation, pursuant to Administrative Code Section 2481(i); and

The Special Committee on Legislation because it involves a legislative matter that may affect the District, pursuant to Administrative Code Section 2581(a).

Recommendation

For information only.

RDN:mb/ayb

(s:\mm\board\AB1514.rdn)


for General Manager

DRAFT
March 22, 1993

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

SECTION ____ Chapter ____ (commencing with Section ____) is added to Division ____ of the Water Code, to read:

CHAPTER ____ DELTA FACILITIES AND CENTRAL VALLEY
ENVIRONMENTAL RESTORATION BOND LAW OF 1994

Article 1. General Provisions

____. This chapter shall be known and may be cited as the Delta Facilities and Central Valley Environmental Restoration Bond Law of 1994.

____. The purpose of this chapter is to provide funding for facilities in the Sacramento-San Joaquin River Delta for the purposes of restoration and enhancement of fish and wildlife resources; protection of endangered species; improvement of water quality; and enhancement of reliability of water supplies to urban, agricultural, and environmental users and to provide funding for the State share of the Central Valley environmental restoration measures set forth in Title 34 of Public Law 102-575, the Central Valley Project Improvement Act,

____. Unless the context otherwise requires, the following definitions govern the construction of this chapter:

(a) "Central Valley" means the area encompassed by the drainage basins of the Sacramento and San Joaquin Rivers and their tributaries, including the Sacramento-San Joaquin River Delta and San Francisco Bay Estuary.

(b) "Central Valley Fund" means the Central Valley Environmental Restoration Bond Fund of 1994 created by Section ____.

(c) "Central Valley Project" or "CVP" means all federal reclamation projects located within or diverting water from or to the watershed of the Sacramento and San Joaquin Rivers and their tributaries as authorized by the Act of August 26, 1937 (50 Stat. 850) and all Acts amendatory or supplemental thereto, including but not limited to the Act of October 17, 1940 (54 Stat. 1198, 1199), Act of December 22, 1944 (58 Stat. 887), Act of October 14, 1949 (63 Stat. 852), Act of September 26, 1950 (64 Stat. 1036), Act of August 27, 1954 (68 Stat. 879), Act of August 12, 1955 (69 Stat. 719), Act of June 3, 1960 (74 Stat. 156), Act of October 23, 1962 (76 Stat. 1173), Act of September 2, 1965 (79 Stat. 615), Act of August 19, 1967 (81 Stat. 167), Act of August 27, 1967 (81 Stat. 173), Act of October 23, 1970 (84 Stat. 1097),

Act of September 28, 1976 (90 Stat. 1324), and Act of October 27, 1986 (100 Stat. 3050).

(d) "Committee" means the Delta Facilities and Central Valley Environmental Restoration Finance Committee created by Section _____.

(e) "Delta Fund" means the Delta Facilities Fund created by Section _____.

(f) "Department" means the Department of Water Resources.

_____. The Legislature may amend this chapter by either of the following methods:

(a) By statute, passed in each house of the Legislature by roll call vote entered in the journal, two-thirds of the membership concurring, if the statute is consistent with the purposes of this chapter.

(b) By a statute that becomes effective only when approved by the voters.

Article 2. Central Valley Environmental Restoration Program

_____. The amount of \$150,000,000 of the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the Central Valley Environmental Restoration Bond Fund of 1994, which is hereby created.

_____. Notwithstanding Section 13340 of the Government Code, the sum of one hundred fifty million dollars (\$150,000,000) is hereby continuously appropriated to the department from the Central Valley Fund without regard to fiscal years, for all of the following purposes:

(1) The state share of the costs of carrying out the environmental restoration measures set forth in Section 3406 of Title 34 of PL 102-575, and specified in the cost-sharing agreement between the Secretary of Interior and the State of California required by Section 3406.

(2) The state share of other federal environmental restoration costs authorized in PL 102-575, and specified in the cost-sharing agreement of _____ (1) above.

_____. The administrative costs of the Department of Water Resources and the Department of Fish and Game for the program shall be paid from the fund subject to appropriation by the Legislature.

Article 3. Delta Facilities Program

_____. The amount of _____ of the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the Delta Facilities Fund of 1994, which is hereby created.

_____. Notwithstanding Section 13340 of the Government Code, the sum of _____ is hereby continuously appropriated to the department from the Delta Facilities Fund without regard to fiscal years, for the following purposes:

(a) Constructing master levees, control structures, channel improvements, and appurtenant facilities in the Sacramento-San Joaquin Delta for water conservation, water supply in the Delta, transfer of water across the Delta, flood and salinity control, and related functions as provided in Section 12934 (in the Burns-Porter Act).

(b) Constructing fish screens and fish recovery facilities on unscreened or inadequately screened diversions.

_____. The administrative costs of the department for the program shall be paid from the fund subject to appropriation by the Legislature.

Article 3. Fiscal Provisions

_____. Bonds in the total amount of _____ million dollars (\$ _____), exclusive of refunding bonds, 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 chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

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

(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 chapter, the Delta

Facilities and Central Valley Environmental Restoration Finance Committee is hereby created. For purposes of this chapter, the Delta Facilities and Central Valley Environmental Restoration Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Governor, the Controller, the Treasurer, the Director of Finance, the Director of Water Resources, and the Director of Fish and Game, or their designated representatives. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the department is designated the "board."

_____. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Section _____ 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.

_____. 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 the interest on, the bonds each year. It is the duty of all officers charged by law 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.

_____. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, 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 chapter, as the principal and interest become due and payable.

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

_____. For the purposes of carrying out this chapter, 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 which have been authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this chapter.

_____. The department 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 purposes of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. The department shall execute any 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 by the department in accordance with this chapter.

_____. All money deposited in the fund which is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

_____. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

_____. Notwithstanding any provision of this chapter or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter and there is a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds, and the Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law, or to take any other action with respect to the investment and use of bond proceeds required or desirable under federal laws so as 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.

_____. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIIIIB of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 2. Section 1 of this act shall take effect upon the adoption by the voters of the Delta Facilities and Central Valley Environmental Restoration Bond Law of 1994, as set forth in Section 1 of this act.

SEC. 3. Section 1 of this act shall be submitted to the

voters at the next statewide election in accordance with provisions of the Government Code and the Elections Code governing the submission of statewide measures to the voters.

SEC. 4. (a) Notwithstanding any other provision of law, all ballots of the election shall have printed thereon and in a square thereof, the words: "Delta Facilities and Central Valley Environmental Restoration Bond Act of 1994," and in the same square under those words, the following in 8-point type: "This act provides for a bond issue of _____ dollars (\$ _____) to provide funds for Delta Facilities and State cost-sharing required by PL 102-575 for environmental restoration measures associated with the activities in the Central Valley."

(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 of 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' choice by means thereof are in compliance with the provisions of this 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 provide for urgently needed Central Valley environmental restoration measures, thereby protecting public health and the environment, it is necessary that this act take effect immediately.