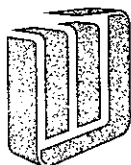


APR 14 1992

William E. Duff 8-9
EXECUTIVE SECRETARY

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

March 30, 1992

To: Board of Directors (Executive Committee--Action)
(Special Committee on Legislation--Action)

From: General Manager

Subject: Senate Bill 1380 (Ayala--San Bernardino County)

Report

This bill would enact the Clean Water Bond Law of 1992, and would provide for a State general obligation bond authorization of \$350 million to finance water pollution control and reclamation programs. The bill specifies that its intent is to provide necessary funds to ensure the full participation by the State under the Federal Water Pollution Control Act.

The bond proceeds would be divided as follows:

(a) \$294 million to the State Revolving Fund Loan Account for loans to municipalities to aid in construction or implementation of eligible projects, including reclamation, water reuse and water recycling, agricultural drainage, and non-point source projects; (b) \$21 million to the Clean Water Construction Grant Account for grants to the cities of Los Angeles and San Diego to supplement federal construction grants awarded to those cities; (c) \$20 million to the Small Communities Grant Account for grants to small communities for construction of eligible treatment works; and (d) \$15 million to the International Water Pollution Control Account, half of which would be to correct conditions of pollution in the New River, the Alamo River and the Salton Sea, with the balance to correct conditions of pollution associated with sewage flows originating in Tijuana, Mexico.

To the extent that this bond issue, if authorized and subsequently approved by the people, would assist in the reclamation of water in Metropolitan's service area, it would relieve the District of an equivalent burden to supply imported water.

Staff recommends that the Board take a position of support on SB 1380. A copy of the bill is attached.

March 30, 1992

Board Committee Assignments

This letter is referred for action to:

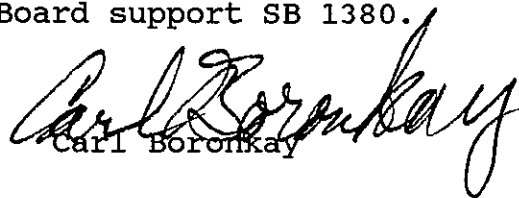
The Executive Committee because of its responsibility for legislation affecting the District, pursuant to Administrative Code Section 2417, subdivision (a); and

The Special Committee on Legislation because of its responsibility to review staff recommendations for a position on legislation that may affect the District, pursuant to Administrative Code Section 2581, subdivision (b).

Recommendation

EXECUTIVE COMMITTEE AND SPECIAL COMMITTEE ON LEGISLATION FOR ACTION.

It is recommended that the Board support SB 1380.


Carl Boronkay

JWM:gm
bdltr\SB1380.JWM

Attachment

SENATE BILL**No. 1380****Introduced by Senator Ayala**

February 4, 1992

An act to add Chapter 25 (commencing with Section 15000) to Division 7 of the Water Code, relating to financing water programs by providing the funds necessary therefor through the issuance and sale of bonds of the State of California, and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1380, as introduced, Ayala. Clean Water Bond Law of 1992.

Under existing law, various bond acts have been approved by the voters to provide funds for water pollution and reclamation programs.

This bill would enact the Clean Water Bond Law of 1992, which, if adopted, would authorize, for purposes of financing prescribed water pollution control and reclamation program, the issuance of bonds in the amount of \$350,000,000, pursuant to the State General Obligation Bond Law.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. Chapter 25 (commencing with Section
2 15000) is added to Division 7 of the Water Code, to read:

3

4 CHAPTER 25. CLEAN WATER BOND LAW OF 1992

5

6

Article 1. General Provisions

7

8 15000. This chapter shall be known and may be cited
9 as the Clean Water Bond Law of 1992.

10 15001. The Legislature finds and declares as follows:

11 (a) Clean water is essential to the public health, safety,
12 and welfare.

13 (b) Clean water fosters the beauty of California's
14 environment and the expansion of industry and
15 agriculture, maintains fish and wildlife, and supports
16 recreation.

17 (c) California's abundant lakes and ponds, streams and
18 rivers, coastline, and groundwater are threatened with
19 pollution, which could threaten public health and
20 impede economic and social growth if left unchecked.

21 (d) The state's growing population has increasing
22 needs for clean water supplies and adequate treatment
23 facilities.

24 (e) It is of paramount importance that the limited
25 water resources of the state be protected from pollution,
26 conserved, and reclaimed whenever possible to ensure
27 continued economic, community, and social growth.

28 (f) The chief cause of water pollution is the discharge
29 of inadequately treated wastes into the waters of the
30 state.

31 (g) Municipalities have the primary responsibility to
32 construct, operate, and maintain pollution control
33 facilities, and to carry out other activities necessary to
34 cleanse our waters.

35 (h) Rising costs of construction and technological
36 changes have pushed the cost of constructing pollution
37 control facilities beyond the reach of local agencies alone.

38 (i) Because water knows no political boundaries, it is

1 desirable for the state to contribute to the construction of
2 these facilities and to carry out other necessary activities
3 in order to meet its obligations to protect and promote
4 the health, safety, and welfare of its people and
5 environment.

6 (j) It is the intent of this chapter to provide necessary
7 funds to ensure the full participation by the state under
8 the Federal Water Pollution Control Act (commencing
9 with Section 1251 of Title 33 of the United States Code).
10 15002. As used in this chapter, and for purposes of this
11 chapter, as used in the state General Obligation Bond
12 Law (Chapter 4 (commencing with Section 16720) of
13 Part 3 of Division 4 of Title 2 of the Government Code),
14 the following words have the following meanings:

15 (a) "Board" means the State Water Resources Control
16 Board.

17 (b) "Committee" means the Clean Water Finance
18 Committee created by Section 15023.

19 (c) "Eligible project" means a project or activity
20 described in paragraphs (1), (2), (3), or (4) of
21 subdivision (a) of Section 13480 which is all of the
22 following:

23 (1) Necessary to prevent water pollution or to reclaim
24 water.

25 (2) Eligible for State Revolving Fund Loan Account or
26 federal assistance.

27 (3) Certified by the state board as entitled to priority
28 over other eligible projects and which complies with
29 applicable water quality standards, policies, and plans.

30 (d) "Federal assistance" means money provided to a
31 municipality, either directly or through allocation by the
32 state, from the federal government to construct eligible
33 projects pursuant to the Federal Water Pollution Control
34 Act.

35 (e) "Federal Water Pollution Control Act"
36 (commencing with Section 1251 of Title 33 of the United
37 States Code) includes any acts amendatory thereof or
38 supplementary thereto.

39 (f) "Fund" means the 1992 State Clean Water Bond
40 Fund.

1 (g) "Municipality" has the same meaning as in the
2 Federal Water Pollution Control Act and also includes
3 the state or any agency, department, or political
4 subdivision thereof for construction of treatment works,
5 including applicants eligible for assistance under Sections
6 1329 and 1330 of Title 33 of the United States Code.

7 (h) "Small community" means a municipality with a
8 population of 10,000 persons or less, or a reasonably
9 isolated and divisible segment of a larger municipality
10 encompassing 10,000 persons or less, with a financial
11 hardship as determined by the board.

12 (i) "Treatment works" has the same meaning as in the
13 Federal Water Pollution Control Act.

14

15 Article 2. Clean Water Bond Program

16

17 15005. (a) Proceeds of the bonds issued and sold
18 pursuant to this chapter shall be deposited in the 1992
19 State Clean Water Bond Fund, which is hereby created.

20 (b) There is hereby created in the fund all of the
21 following accounts:

22 (1) The State Revolving Fund Loan Account.

23 (2) The Clean Water Construction Grant Account.

24 (3) The Small Communities Assistance Account.

25 (4) The International Water Pollution Control
26 Account.

27 (c) From time to time, the state board may modify
28 existing accounts in the fund, and in all other bond funds
29 administered by the board, which the board determines
30 are appropriate or necessary for proper administration.

31 15006. (a) The state board may adopt rules and
32 regulations necessary to carry out this chapter.

33 (b) As appropriated annually by the Legislature in the
34 Budget Act, the state board may, by contract or
35 otherwise, undertake plans, surveys, research,
36 development, and studies necessary or desirable to carry
37 out this division, and may prepare recommendations
38 with regard thereto, including the preparation of
39 comprehensive statewide or areawide studies and reports
40 on the collection, treatment, and disposal of waste under

1 a comprehensive cooperative plan.

2 (c) As appropriated annually by the Legislature in the
3 Budget Act, the state board may expend bond funds
4 necessary for administration of this chapter.

5 (d) Not more than 5 percent of the money deposited
6 in the fund may be used for purposes of subdivisions (b)
7 and (c).

8 15007. There is hereby transferred from the fund to
9 the accounts and, notwithstanding Section 13340 of the
10 Government Code, continuously appropriated from the
11 accounts, the amounts as follows:

12 (a) Two hundred ninety-four million dollars
13 (\$294,000,000) to the State Revolving Fund Loan Account
14 for loans to municipalities to aid in construction or
15 implementation of eligible projects, including
16 reclamation, water reuse and water recycling,
17 agricultural drainage, and nonpoint source projects, and
18 for the purposes described in Section 15006.

19 (b) Twenty-one million dollars (\$21,000,000) to the
20 Clean Water Construction Grant Account for grants to
21 the cities of Los Angeles and San Diego to supplement
22 federal construction grants awarded to those cities. The
23 state board may transfer any unused money in the Clean
24 Water Construction Grant Account to the State
25 Revolving Fund Loan Account if federal construction
26 grants are not awarded to these cities and, when
27 transferred, the money may be used for any of the
28 purposes specified in subdivision (a).

29 (c) Twenty million dollars (\$20,000,000) to the Small
30 Communities Grant Account for grants to small
31 communities for construction of eligible treatment
32 works. If, in the judgment of the state board, the money
33 in the Small Communities Grant Account will not be
34 expended within a reasonable time, the state board may
35 transfer the money to the State Revolving Loan Fund
36 Account to be used for any of the purposes specified in
37 subdivision (a).

38 (d) Fifteen million dollars (\$15,000,000) to the
39 International Water Pollution Control Account for
40 allocation as follows:

1 (1) At least seven million five hundred thousand
2 dollars (\$7,500,000) to correct conditions of pollution in
3 the New River, the Alamo River, and the Salton Sea.

4 (2) The balance to correct conditions of pollution
5 associated with sewage flows originating in Tijuana,
6 Mexico.

7 15008. For purposes of subdivision (a) of Section
8 15007, the state board may contract with municipalities
9 for loans to aid in the construction or implementation of
10 eligible projects.

11 15009. For purposes of subdivision (b) of Section
12 15007, the state board may contract with the cities of Los
13 Angeles and San Diego to provide grants in amounts
14 which do not exceed 12½ percent of the eligible project
15 cost.

16 15010. For purposes of subdivision (c) of Section
17 15007, the state board may make grants to small
18 communities so that any combined federal and state
19 grant pays for an amount which does not exceed 97½
20 percent of the eligible cost of necessary studies, planning,
21 design, and construction of the eligible project
22 determined in accordance with applicable state law and
23 regulations. The total amount of grants made pursuant to
24 subdivision (c) of Section 15007, for any single project,
25 may not exceed three million five hundred thousand
26 dollars (\$3,500,000).

27 15011. For purposes of subdivision (d) of Section
28 15007, the state board may contract with any public
29 agency. The state board may transfer the money in the
30 International Water Pollution Control Account which is
31 not encumbered by July 1, 1995, to the State Revolving
32 Fund Loan Account, and when transferred, the money
33 may be used for any of the purposes specified in
34 subdivision (a).

35 15012. Any contract entered into pursuant to this
36 chapter for loans or grants may include provisions
37 determined by the state board, and shall include, in
38 substance, all of the following provisions:

- 39 (a) An estimate of the reasonable cost of the project.
40 (b) A description of the type of assistance being

1 offered.

2 (c) An agreement by the state board to pay to the
3 entity, during the progress of the project or following
4 completion, as agreed upon by the parties, the amount
5 specified in the contract determined pursuant to
6 applicable federal and state laws and regulations.

7 (d) An agreement by the entity to proceed
8 expeditiously with, and complete, the project, commence
9 operation of the project upon completion, properly
10 operate and maintain the project in accordance with
11 applicable provisions of law, and provide for payment of
12 the entity's share of the cost of the project.

13 15013. All contracts entered into pursuant to this
14 chapter for loans or grants are subject to both of the
15 following requirements:

16 (a) Entities seeking assistance shall demonstrate, to
17 the satisfaction of the state board, that an adequate
18 opportunity for public participation regarding the
19 project has been provided.

20 (b) Any election held with respect to the project shall
21 include the entire municipality except if the municipality
22 proposes to accept the assistance on behalf of a specified
23 portion, or portions, of the municipality, in which case the
24 election shall be held in that portion or portions of the
25 municipality only.

26 15014. Any loan made pursuant to this chapter shall
27 be for a period not to exceed 20 years, with an interest
28 rate set in accordance with Section 13480.

29 15015. Except as expressly provided in this chapter,
30 no money deposited in the fund pursuant to any
31 provision of law requiring repayments to the state for
32 loans financed by the proceeds of the bonds authorized
33 by this chapter shall be available for transfer to the
34 General Fund.

35

36

Article 3. Fiscal Provisions

37

38 15020. Bonds in the total amount of three hundred
39 fifty million dollars (\$350,000,000), exclusive of refunding
40 bonds, or so much thereof as is necessary, may be issued

1 and sold to provide a fund to be used for carrying out the
2 purposes expressed in this chapter and to be used to
3 reimburse the General Obligation Bond Expense
4 Revolving Fund pursuant to Section 16724.5 of the
5 Government Code. The bonds, when sold, shall be and
6 constitute a valid and binding obligation of the State of
7 California, and the full faith and credit of the State of
8 California is hereby pledged for the punctual payment of
9 both principal of, and interest on, the bonds as the
10 principal and interest become due and payable.

11 15022. The bonds authorized by this chapter shall be
12 prepared, executed, issued, sold, paid, and redeemed as
13 provided in the State General Obligation Bond Law
14 (Chapter 4 (commencing with Section 16720) of Part 3 of
15 Division 4 of Title 2 of the Government Code), and all of
16 the provisions of that law apply to the bonds and to this
17 chapter and are hereby incorporated in this chapter as
18 though set forth in full in this chapter.

19 15023. (a) Solely for the purpose of authorizing the
20 issuance and sale, pursuant to the State General
21 Obligation Bond Law, of the bonds authorized by this
22 chapter, the Clean Water Finance Committee is hereby
23 created. For purposes of this chapter, the Clean Water
24 Finance Committee is the "committee" as that term is
25 used in the State General Obligation Bond Law. The
26 committee consists of the Governor, the Controller, the
27 Treasurer, the Director of Finance, and the state board,
28 or their designated representatives. A majority of the
29 committee may act for the committee.

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

32 15024. The committee shall determine whether or
33 not it is necessary or desirable to issue bonds authorized
34 pursuant to this chapter in order to carry out the actions
35 specified in Sections 15006 and 15007 and, if so, the
36 amount of bonds to be issued and sold. Successive issues
37 of bonds may be authorized and sold to carry out those
38 actions progressively, and it is not necessary that all of the
39 bonds authorized to be issued be sold at any one time.

40 15025. There shall be collected each year and in the

1 same manner and at the same time as other state revenue
2 is collected, in addition to the ordinary revenues of the
3 state, a sum in an amount required to pay the principal
4 of, and interest on, the bonds each year. It is the duty of
5 all officers charged by law with any duty in regard to the
6 collection of the revenue to do and perform each and
7 every act which is necessary to collect that additional
8 sum.

9 15026. Notwithstanding Section 13340 of the
10 Government Code, there is hereby appropriated from
11 the General Fund in the State Treasury, for the purposes
12 of this chapter, an amount that will equal the total of the
13 following:

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

18 (b) The sum which is necessary to carry out the
19 provisions of Section 15027, appropriated without regard
20 to fiscal years.

21 15027. For the purposes of carrying out this chapter,
22 the Director of Finance may authorize the withdrawal
23 from the General Fund of an amount or amounts not to
24 exceed the amount of the unsold bonds which have been
25 authorized to be sold for the purpose of carrying out this
26 chapter. Any amounts withdrawn shall be deposited in
27 the fund. Any money made available under this section
28 shall be returned to the General Fund, plus the interest
29 that the amounts would have earned in the Pooled
30 Money Investment Account, from money received from
31 the sale of bonds for the purpose of carrying out this
32 chapter.

33 15028. The state board may request the Pooled
34 Money Investment Board to make a loan from the Pooled
35 Money Investment Account, in accordance with Section
36 16312 of the Government Code, for the purposes of
37 carrying out this chapter. The amount of the request shall
38 not exceed the amount of the unsold bonds which the
39 committee has, by resolution, authorized to be sold for
40 the purpose of carrying out this chapter. The state board

1 shall execute any documents required by the Pooled
2 Money Investment Board to obtain and repay the loan.
3 Any amounts loaned shall be deposited in the fund to be
4 allocated by the state board in accordance with this
5 chapter.

6 15029. All money deposited in the fund which is
7 derived from premium and accrued interest on bonds
8 sold shall be reserved in the fund and shall be available
9 for transfer to the General Fund as a credit to
10 expenditures for bond interest.

11 15030. The bonds may be refunded in accordance
12 with Article 6 (commencing with Section 16780) of the
13 State General Obligation Bond Law. Approval by the
14 voters of the state for the issuance of the bonds shall
15 include the approval of the issuance of any bonds issued
16 to refund any bonds originally issued or any previously
17 issued refunding bonds.

18 15031. Notwithstanding any provision of this chapter
19 of the State General Obligation Bond Law, if the
20 Treasurer sells bonds pursuant to this chapter and there
21 is a bond counsel opinion to the effect that the interest on
22 the bonds is excluded from gross income for federal tax
23 purposes, subject to designated conditions, the Treasurer
24 may maintain separate accounts for the investment of
25 bond proceeds and the investment earnings on those
26 proceeds, and the Treasurer may use or direct the use of
27 those proceeds or earnings to pay any rebate, penalty, or
28 other payment required under federal law, or to take any
29 other action with respect to the investment and use of
30 bond proceeds required or desirable under federal laws
31 so as to maintain the tax-exempt status of those bonds and
32 to obtain any other advantage under federal law on
33 behalf of the funds of this state.

34 15032. The Legislature hereby finds and declares
35 that, inasmuch as the proceeds from the sale of bonds
36 authorized by this chapter are not "proceeds of taxes" as
37 that term is used in Article XIII B of the California
38 Constitution, the disbursement of these proceeds is not
39 subject to the limitations imposed by that article.

40 SEC. 2. Section 1 of this act shall take effect upon the

1 adoption of the voters of the Clean Water Bond Law of
2 1992, as set forth in Section 1 of this act.

3 SEC. 3. (a) Notwithstanding Sections 3525, 3528,
4 3529, 3560, 3578, and 10218 of the Elections Code or any
5 other provisions of law, Section 1 of this act shall be
6 submitted to the voters at the November 6, 1992, general
7 election.

8 (b) The Secretary of State shall ensure the placement
9 of Section 1 of this act on the November 6, 1992, general
10 election ballot, in substantial compliance with any
11 statutory time requirements applicable to the submission
12 of statewide measures to the voters at a statewide
13 election.

14 (c) Notwithstanding Section 3531 of the Elections
15 Code, the Attorney General shall prepare and return to
16 the Secretary of State a ballot title for the bond act
17 contained in Section 1 of this act within two days after the
18 effective date of this act.

19 (d) Notwithstanding Section 3572 of the Elections
20 Code, the Legislative Analyst shall prepare an impartial
21 analysis of the bond act contained in Section 1 of this act
22 within five days after the effective date of this act, and the
23 analysis shall not be submitted to a review committee.

24 (e) The Secretary of State shall include, in the ballot
25 pamphlet mailed pursuant to Section 3578 of the
26 Elections Code, the information specified in Section 3570
27 of that code regarding the bond act contained in Section
28 1 of this act.

29 If that inclusion is not possible, the Secretary of State
30 shall publish a supplemental ballot pamphlet regarding
31 the bond act to be mailed with the ballot pamphlet. If the
32 supplemental ballot pamphlet cannot be mailed with the
33 ballot pamphlet, the supplemental ballot pamphlet shall,
34 notwithstanding Section 3578 of that code, be mailed at
35 least 14 days before the election.

36 SEC. 4. Notwithstanding any other provision of law,
37 all ballots of the election shall have printed thereon and
38 in a square thereof, the words: "Clean Water Bond Act of
39 1992," and in the same square under those words, the
40 following in 8-point type: "This act provides for a bond

1 issue of three hundred fifty million dollars (\$350,000,000)
2 to provide funds for eligible projects necessary to prevent
3 water pollution or to reclaim water." Opposite the
4 square, there shall be left spaces in which the voters may
5 place a cross in the manner required by law to indicate
6 whether they vote for or against the act.

7 Where the voting of the election is done by means of
8 voting machines used pursuant to law in the manner that
9 carries out the intent of this section, the use of the voting
10 machines and the expression of the voters' choice by
11 means thereof are in compliance with the provisions of
12 this section.

13 SEC. 5. This act is an urgency statute necessary for
14 the immediate preservation of the public peace, health,
15 or safety within the meaning of Article IV of the
16 Constitution and shall go into immediate effect. The facts
17 constituting the necessity are:

18 In order to provide financing at the earliest possible
19 time for urgently needed water pollution control
20 projects, facilities, and programs, thereby protecting the
21 public health and safety, it is necessary that this act take
22 effect immediately.