

- **Board of Directors**
Communications, Outreach and Legislation Committee

April 9, 2002 Board Meeting

9-3

Subject

Legislative Water Bonds

Description

Members of the State Legislature have introduced legislation proposing bonds that, if ultimately approved by the voters, could provide funds to help defray the cost of a wide range of water resource management and protection programs. These bills include:

AB 954 (Kelley)

Assembly Member Dave Kelley from Palm Desert amended Assembly Bill No. 954 (AB 954), which would enact the California Water Supply Reliability and Protection Bond Act of 2002 (Attachment 1). AB 954 would establish The California Water Supply Reliability and Protection Bond Fund in the State Treasury. This Fund would contain three accounts to finance a California Water Supply Reliability and Protection Program, Community Groundwater Program and Water Distribution System Protection Program. The amount of funding allocated to each account has not been specified. AB 954 is sponsored by the Mission Springs Water District.

AB 2365 (Goldberg)

Assemblywoman Jackie Goldberg from Los Angeles introduced Assembly Bill No. 2365 (AB 2365) (Attachment 2) which would enact the Water Recycling and Dual Plumbing Bond Act of 2002. If approved by voters at the November 2002 election, the measure will authorize \$575.9 million in general obligation bonds to finance a water recycling and dual plumbing infrastructure program. Bond proceeds will be appropriated by the California Legislature to provide grants and low-interest loans for specified purposes. AB 2365 is sponsored by the WaterReuse Association.

AB 2376 (Cogdill)

Assembly Member Dave Cogdill from Modesto introduced Assembly Bill No. 2376 (AB 2376), to establish the Water Sustainability and Reliability Bond Act of 2002 (Attachment 3). If approved by the voters, AB 2376 would establish the Water Sustainability and Reliability Fund in the State Treasury, which would be used to finance state and local water storage programs.

SB 1710 and SBX3 9 (Costa)

Senator Jim Costa from Fresno, Chairman of the Senate Agriculture and Water Resources Committee, introduced two bond bills: Senate Bill No. 1710 (SB 1710) and Senate Bill No. 9 in the Third Extraordinary Session (SBX3 9) (Attachment 4 and 5). These identical bills would enact a bond act in 2002 to establish a fund for programs related to safe drinking water, clean water, groundwater monitoring, ocean and brackish water desalination, integrated regional water management, watershed, and water system security.

SB 2070 (Johannessen)

Senator Maurice Johannessen from Redding amended Senate Bill No. 2070 (SB 2070), (Attachment 6), which would enact the Water Supply Security and Water Supply Reliability Act of 2002. If approved by the voters, the measure would authorize \$2.9 billion in general obligation bonds to finance water supply security measures, safe drinking water, water quality and water supply reliability programs. SB 2070 is sponsored by the Regional Council of Rural Counties.

Metropolitan has supported similar measures in the past and the above-referenced legislative proposals, for the most part, could compliment board policy principles (CALFED Bay-Delta Policy Principle adopted on November 15, 1999; Legislative Policy Principle on Water Recycling adopted February 11, 1997, and amended on February 10, 1998; and Colorado River Basin Management Policy Principle adopted on January 11, 1999).

While Metropolitan is supportive of these state funding efforts to meet water quality and reliability objectives, it would be more beneficial, in terms of the likeliness of passage, if the legislative authors converged their efforts in a single cooperative water bond measure with statewide benefits. Staff will continue to report to the Board as developments in legislative negotiations and the process occur. Staff is recommending that Metropolitan support the bills if amended to include funding for water quality improvement, local resources projects, seawater desalination, and Colorado River QSA related implementation projects proposed by Metropolitan and its member agencies. A list of proposed funding categories and levels will be coordinated with the member agencies.

Policy

AB 954 (Kelley)

Colorado River Basin Management Policy Principle adopted on January 11, 1999

CALFED Bay-Delta Process Policy Principle adopted on November 15, 1999

AB 2365 (Goldberg)

Legislative Policy Principle on Water Recycling adopted on Feb. 11, 1997, (Minute Item No. 42287) and amended on Feb. 10, 1998 (Minute Item No. 42820)

AB 2376 (Cogdill)

Colorado River Basin Management Policy Principle adopted on January 11, 1999

CALFED Bay-Delta Process Policy Principle adopted on November 15, 1999

SB 1710 and SBX3 9 (Costa)

CALFED Bay-Delta Process Policy Principle adopted on November 15, 1999

SB 2070 (Johannessen)

CALFED Bay-Delta Process Policy Principle adopted on November 15, 1999

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because the proposed action involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination for Option #1 is: Determine that the proposed action is not subject to the provisions of CEQA per Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required.

Board Options/Fiscal Impacts

Option#1

Adopt the CEQA determinations and support the Legislative Water Bonds, if amended.

Fiscal Impact: None.

Option#2

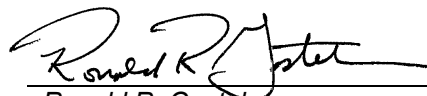
Take no position on the Legislative Water Bonds.

Fiscal Impact: None.

Staff Recommendation

Option #1.

	4/3/2002
Adán Ortega, Jr. Vice President, External Affairs	Date

	4/3/2002
Ronald R. Gastelum Chief Executive Officer	Date

- Attachment 1 – Bill Number: AB 954 Introduced by Assembly Member Kelley
- Attachment 2 – Bill Number: AB 2365 Introduced by Assembly Member Goldberg
- Attachment 3 – Bill Number: AB 2376 Introduced by Assembly Member Cogdill
- Attachment 4 – Bill Number: SB 1710 Introduced by Senator Costa
- Attachment 5 – Bill Number: SBX3 9 Introduced by Senator Costa
- Attachment 6 – Bill Number: SB 2070 Introduced by Senator Johannessen

BLA #1687

**BILL NUMBER: AB 954 AMENDED
BILL TEXT**

AMENDED IN SENATE FEBRUARY 27, 2002
AMENDED IN ASSEMBLY JANUARY 30, 2002
AMENDED IN ASSEMBLY JANUARY 10, 2002
AMENDED IN ASSEMBLY JANUARY 7, 2002

INTRODUCED BY Assembly Member Kelley

FEBRUARY 23, 2001

An act to add Division 28 (commencing with Section 80400) to the ~~Water Code, relating to water.~~ *Water Code, relating to financing a water protection and storage program, 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.*

LEGISLATIVE COUNSEL'S DIGEST

AB 954, as amended, Kelley. California Water Supply Reliability and Protection Bond ~~Fund~~ *Act of 2002* .

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

This bill would ~~establish~~ *enact* the California Water Supply Reliability and Protection Bond ~~Fund~~ *Act of 2002, which, if adopted, would authorize, for purposes of financing a water protection and storage program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in an unspecified amount.*

The bill would require the Secretary of State to submit the bond act to the voters at an unspecified election .

Vote: ~~majority~~ *2/3* .

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

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

SECTION 1. Division 28 (commencing with Section 80400) is added to the Water Code, to read:

DIVISION 28. CALIFORNIA WATER SUPPLY RELIABILITY AND PROTECTION BOND ACT OF 2002

CHAPTER 1. GENERAL PROVISIONS

Article 1. Short Title

80400. This division shall be known and may be cited as the Kelley Act.

Article 2. Declarations and Findings

80402. The Legislature finds and declares all of the following:

- (a) Providing clean, reliable water to existing and future residential areas is essential to the orderly development of the state.
- (b) The quality of groundwater supplies statewide has direct impact on the state's overall water supply reliability and management efforts.
- (c) Where groundwater resources are degraded or compromised, potential storage capacity for surplus water is depleted and dependence upon alternate water resources, including limited surface water resources, is increased.
- (d) Protecting groundwater basins from pollution whenever possible is a cost effective preference when compared to the cleanup of groundwater basins.
- (e) It is in the state's interest to assist in protecting groundwater basins against potential degradation when those basins can be used for wet-year water surplus storage.
- (f) The Department of Water Resources is in the process of identifying areas within the state where groundwater basins may be utilized for conjunctive use projects to ensure local and regional water supply reliability.
- (g) Upon the identification of these areas, a memorandum of understanding is developed with overlying water supply entities and property owners with significant interest in the groundwater supply.
- (h) Feasibility studies are then conducted to determine the viability of a groundwater basin for conjunctive use projects. If a basin is determined to be suitable for these types of projects, state funding may be available for prescribed purposes.
- (i) No funding, however, has been made available for the protection of these identified groundwater storage areas from potential or identified pollution sources.
- (j) The state has a significant interest in protecting its stored water resources from potential quality degradation.
- (k) Approximately 40 percent of drinking water consumed in the state is derived from groundwater supplies.
- (l) It is essential for communities that are dependent on groundwater to have access to an adequate supply of potable groundwater.
- (m) It is critical that sufficient, secure storage space be available for wet-year surplus retention in order to supply water, in a reliable manner, to all communities in the state.
- (n) Secure storage for surplus water is a critical component of a water supply reliability program.
- (o) With adequate storage throughout the state, dry-year demand on ecologically sensitive water resources can be significantly reduced.
- (p) Funds are required to pay for projects that protect existing groundwater supplies and provide increased secure storage capacity in groundwater basins.
- (q) The funding and implementation of these types of projects afford numerous statewide benefits, including all of the following:
 - (1) Helping to address the ongoing contamination of potable groundwater supplies, thereby lessening anticipated future demands on water resources, as well as the financial resources, of the state.

(2) Securing groundwater storage capacity for the placement of surplus water derived during wet years for use in dry years.

(3) The replenishment of depleted basins to minimize land subsidence and related loss of storage capacity.

(r) Where a local economy has been developed due to the unique quality of a specified groundwater resource, and where that groundwater is used for a purpose that depends on the quality of that water resource, and where the resource is essential to the viability of that purpose and to sustaining the local economy, protective measures are necessary.

Article 3. The California Water Supply Reliability and Protection Bond Fund

~~80404. The California Water Supply Reliability and Protection Bond Fund is hereby established.~~

80404. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the California Water Supply Reliability and Protection Bond Fund, which is hereby established in the State Treasury. For purposes of this division "fund" means the fund established pursuant to this section.

CHAPTER 2. WATER SUPPLY RELIABILITY AND PROTECTION PROGRAM

80405. Unless the context otherwise requires, as used in this chapter, "account" means the California Water Supply Reliability and Protection Account.

80406. The California Water Supply Reliability and Protection Account is hereby established in the fund. The sum of ____ dollars (\$____) is hereby transferred from the fund to the account.

80407. The money in the account, upon appropriation by the Legislature to ____, may be expended for both of the following purposes:

(a) To provide matching funds, in an amount not to exceed 60 percent of the total project cost, to ____ for construction projects that will abate identified pollution sources that have the potential to negatively impact a groundwater basin for which any of the following apply:

(1) A conjunctive use water management plan is proposed to achieve regional or statewide water supply reliability objectives.

(2) The abatement will be performed in conjunction with a plan that will provide storage capacity to aid the state in achieving the goals set forth in the Colorado River "4.4 Plan."

(3) A groundwater protection project has been identified by a California regional water quality control board as a priority project of regional significance.

(b) To provide funds to a California regional water quality control board for studies to determine whether groundwater protection projects that have not been identified by a regional board as priority projects of regional significance should be so identified in the appropriate water quality control plan because of a basin's potential for conjunctive use in a manner that meets the requirements of paragraph (1) or (2) of subdivision (a).

80408. For the purposes of receiving funding pursuant to the this chapter, all of the following requirements shall be met:

(a) The development of a plan for the groundwater basin that utilizes applicable best management practices for water conservation

described in the memorandum prepared by the California Urban Water Conservation Council, amended March 14, 2001.

(b) The applicant has signed the "Memorandum of Understanding Regarding Urban Water Conservation in California," prepared by the California Urban Water Conservation Council, dated September 1991.

(c) The adoption of rules that require new developments to connect to a public sewerage system if more than one equivalent dwelling unit per one-half acre is planned overlying basins targeted for capital project funding.

(d) An evaluation has been conducted to determine whether reclaimed water may be used in public green areas, landscaped medians, and similar public access areas of the development, when that water can be made available for that purpose.

(e) The groundwater protection project has been identified as a priority project with regional significance by the appropriate California regional water quality control board.

(f) Entities with jurisdiction over the groundwater basin have entered into a memorandum of understanding in accordance with the Integrated Storage Investigation Conjunctive Water Management Program administered by the Department of Water Resources to evaluate the potential for conjunctive use projects or into a similar agreement with one or more other entities with jurisdiction over the State Water Project, the Central Valley Project, or Colorado River water.

(g) Appropriate conveyance and recharge facilities exist for the placement of water into the groundwater basin.

(h) A basin management plan has been adopted or is being prepared with an identified completion date of not more than one year from the date on which the project is approved for funding.

(i) The agency receiving funding has complied with Part 2.6 (commencing with Section 10610) of Division 6, if applicable.

80409. For the purposes of providing funds under this chapter, first priority shall be given to a project that meets both of the following requirements:

(a) The project benefits a groundwater basin for which there is an existing or proposed conjunctive use or water storage program.

(b) The project contributes to an action recommended by the CALFED Bay-Delta Program or facilitates compliance by the state with the Colorado River "4.4 Plan."

CHAPTER 3. COMMUNITY GROUNDWATER PROGRAM

80500. Unless the context otherwise requires, as used in this chapter, "account" means the Community Groundwater Account.

80501. The Community Groundwater Account is hereby established in the fund. The sum of ____ dollars (\$____) is hereby transferred from the fund to the account.

80502. The purpose of the Community Groundwater Program is to provide matching funds in an amount not to exceed 60 percent of total project costs for projects that will ensure that a community that depends on commercial uses of a specific groundwater resource, the degradation of which could significantly impede or permanently harm activities that contribute to the local economy, has adequate protection of that groundwater resource.

80503. The money in the account, upon appropriation by the Legislature to ____, may be expended to provide matching funds to ____ for infrastructure projects that protect groundwater that is used for one or more commercial purposes that significantly

contribute to a local economy in communities in which the degradation of the quality of that groundwater would greatly impede the ability of that commercial activity to function, as determined by the significant loss of revenue to a city or county.

80504. Only groundwater protection projects that are identified as priority projects with regional significance by the appropriate California regional water quality control board are eligible for funding pursuant to this chapter.

CHAPTER 4. WATER DISTRIBUTION SYSTEM PROTECTION PROGRAM

80550. Unless the context otherwise requires, as used in this chapter, "account" means the Water Distribution System Protection Account.

80551. The Water Distribution System Protection Account is hereby established in the fund. The sum of ____ dollars (\$____) is hereby transferred from the fund to the account.

80552. Entities with jurisdiction over public water systems have limited resources to protect those water systems. However, the costs associated with protecting public water systems can be significant. It is critical to public safety that vulnerable water systems are identified and preventative measures implemented to avert tampering with potable water supplies. It is well known that small and medium sized water agencies do not have the ability to readily absorb costs for the types of programs that may be deemed necessary to protect their water systems.

80553. The money in the account, upon appropriation by the Legislature to ____, may be expended to provide grants to ____ for the construction of improvements and for the purchase and installation of equipment that will assist in the protection of water system facilities used to produce, store, and distribute potable water to the public. For the purposes of receiving funding under this chapter, eligible projects include, but are not limited to, the procurement or construction of security fencing, alarm systems, electronic surveillance equipment or similar equipment to secure wells, surface or tank reservoir sites, or related facilities, and the procurement of mobile security services.

80554. Grants shall be made available pursuant to this chapter on a matching basis, according to the size of the population served by the entity, as follows:

<i>Population Served</i>	<i>Match Required by Recipient of Funds</i>
Not more than 10,000 persons.....	40%
Less than 25,000 persons, but more than 10,000 persons.....	60%
At least 25,000 persons.....	80%

CHAPTER 5. FISCAL PROVISIONS

80700. Bonds in the total amount of ____ dollars (\$____) not including the amount of any refunding bonds issued in accordance with

Section 80710, 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 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 the principal of, and interest on, the bonds as the principal and interest become due and payable.

80702. (a) The bonds authorized by this division 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), except Section 16727, 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.

(b) For purposes of the State General Obligation Bond Law, each state agency that administers an appropriation of the California Water Supply Reliability and Protection Bond Fund is designated the "board."

80703. 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 California Water Supply Reliability and Protection Finance Committee is hereby established. For purposes of this division, the California Water Supply Reliability and Protection Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, and the Director of Finance, or their designated representatives. A majority of the committee may act for the committee.

80704. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order 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.

80705. 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. 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 that is necessary to collect that additional sum.

80706. 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 necessary to carry out Section 80707, appropriated without regard to fiscal years.

80707. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount 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 amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

80708. All money deposited in the fund that 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.

80709. The agency that administers an appropriation of the California Water Supply Reliability and Protection Bond Fund 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, by resolution, has authorized to be sold for the purpose of carrying out this division. The requesting agency 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 requesting agency in accordance with this division.

80710. The bonds 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 the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this division includes the approval of the issuance of any other bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

80711. Notwithstanding any provision of this division or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include 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 for the investment earnings on those proceeds. 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 those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of that state.

80712. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 2. This act shall become effective upon the approval by the voters of the California Water Supply Reliability and Protection Bond Act of 2002, as set forth in Section 1 of the act adding this section.

SEC. 3. Section 1 of this act shall be submitted to the voters at the ___ 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 at the election shall have printed thereon and in a square thereof, the words: "California Water Supply Reliability and Protection Bond Act of 2002" 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 a water protection and storage program." 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.

(b) Notwithstanding Sections 13247 and 13281 of the Elections Code, the language in subdivision (a) shall be the only 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 financial 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.

(c) Where voting in the election is done by means of voting machines used pursuant to law in a 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 this section.

**BILL NUMBER: AB 2365 INTRODUCED
BILL TEXT**

INTRODUCED BY Assembly Member Goldberg

FEBRUARY 21, 2002

An act to add Division 26.5 (commencing with Section 79300) to the Water Code, relating to financing a water recycling and dual plumbing infrastructure program, 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

AB 2365, as introduced, Goldberg. Water Recycling and Dual Plumbing Bond Act of 2002.

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

This bill would enact the Water Recycling and Dual Plumbing Bond Act of 2002 which, if adopted, would authorize, for purposes of financing a water recycling and dual plumbing infrastructure program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$575,900,000.

The bill would require the Secretary of State to submit the bond act to the voters at the November 5, 2002 election.

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

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

SECTION 1. Division 26.5 (commencing with Section 79300) is added to the Water Code, to read:

**DIVISION 26.5. WATER RECYCLING AND DUAL PLUMBING ACT OF 2002
CHAPTER 1. SHORT TITLE**

79300. This division shall be known and may be cited as the Water Recycling and Dual Plumbing Bond Act of 2002.

CHAPTER 2. FINDINGS AND DECLARATIONS

79301. In placing this measure before the voters, the Legislature hereby finds and declares all of the following:

- (a) The Water Recycling Act of 1991 established a statewide goal to recycle a total of 1,000,000 acre-feet of water per year by the year 2010 and, in order to achieve that goal, the state should

continue its successful investment in the production and distribution of recycled water and undertake a statewide program of dual plumbing commercial facilities to use recycled water in fire suppression and toilet and urinal flushing and for other nonpotable systems currently allowed under state law.

(b) The people of the State of California approved the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Costa-Machado Water Act of 2000) in March 2000 and the funds available from that bond act for water recycling projects are being used successfully to create and provide approximately 40,000 acre feet of new, safe, reliable, cost-effective water supplies.

(c) The State Water Resources Control Board has identified an additional 59 projects totaling \$375.9 million that meet "priority funding" criteria prescribed by that bond act that will augment regional and state water supplies by approximately 150,000 acre-feet per year, treat groundwater, bring waste discharges into compliance with state and federal law, and promote environmental restoration.

(d) State funding is needed for local communities to build treatment systems and construct dual plumbing or piping in new and existing public and private buildings to increase the use of recycled water for toilet and urinal flushing, fire suppression, outdoor landscape irrigation, and other nonpotable uses.

(e) Dual plumbing of indoor plumbing fixtures can provide an "endless loop" of clean and safe water for use in flushing facilities instead of wasting higher quality drinking water for the same purposes. The more water recycled for those purposes will save drinking water in many of the state's urban areas vulnerable to water shortages and periodic droughts.

CHAPTER 3. DEFINITIONS

79302. Unless the context otherwise requires, the following definitions governing the construction of this division:

(a) "Dual plumbing project" means a dual plumbed system of recycled water delivery meeting the requirements of Article 5 (commencing with Section 60313) of Chapter 3 of Division 4 of Title 22 of the California Code of Regulations in new or existing public and private structures as defined in subdivision (c) of Section 13553 to increase the use of recycled water for toilet and urinal flushing, fire suppression, outdoor landscape irrigation, and other nonpotable uses.

(b) "Fund" means the Water Recycling and Dual Plumbing Fund of 2002.

(c) "Municipality" has the same meaning as that set forth in subdivision (c) of Section 79120.

(d) "Water recycling project" means a public or private water recycling project that meets applicable reclamation criteria and water reclamation requirements and complies with applicable water quality standards, policies, and plans.

CHAPTER 4. WATER RECYCLING AND DUAL PLUMBING BOND FUND OF 2002

79303. Proceeds of bonds issued and sold pursuant to this division shall be deposited in the Water Recycling and Dual Plumbing Bond Fund of 2002, which is hereby established in the State Treasury.

79307. The board may enter into an agreement with the federal government for federal contributions to the fund if all of the following conditions have been met:

(a) The board has identified any required matching funds.

(b) The board is prepared to commit to the expenditure of any minimum amount in the fund in the manner required by the Clean Water Act (33 U.S.C. Sec. 1251 et seq.).

(c) Any agreement between the board and the federal government is consistent with the purposes of this division.

CHAPTER 5. WATER RECYCLING PROGRAM

79308. For the purposes of this chapter, "account" means the Water Recycling Account established by Section 79309.

79309. (a) The Water Recycling Account is hereby established in the fund. The sum of three hundred seventy-five million, nine hundred thousand dollars (\$375,900,000) is hereby transferred from the fund to the account for the purposes of this chapter.

(b) Notwithstanding Section 13340 of the Government Code, 30 percent of the money in the account is hereby continuously appropriated, without regard to fiscal years, to the board for loans to municipalities for the design and construction of water recycling projects in accordance with Section 79310.

(c) Seventy percent of the money in the account, upon appropriation by the Legislature to the board, may be expended by the board as follows:

(1) For grants to municipalities for the design and construction of water recycling projects in accordance with Section 79310.

(2) For plans, surveys, research, development, and studies, undertaken by contract or otherwise, necessary or desirable to carry out this chapter, and recommendations with regard thereto, including the preparation of comprehensive statewide or areawide studies and reports on the collection, treatment, and disposal of waste and wastewater recycling. For the purposes of this paragraph, "research" may include the design, acquisition, installation, or construction of monitoring and testing equipment and related facilities. At least one-half of 1 percent, but not more than 1 percent, of the total amount made available pursuant to this subdivision shall be used for the purposes of this paragraph.

(d) Funding for the purposes of paragraph (1) of subdivision (c) shall be limited to 30 percent of eligible costs, up to \$15 million per project.

79310. The board may enter into agreements with municipalities for loans and grants for projects to recycle water in accordance with this chapter. Criteria to be considered by the board in determining whether to enter into an agreement under this chapter may include, but are not limited to, all of the following:

(a) (1) Whether the project is a cost-effective means to meet the state or local water supply needs, when compared to other sources of water supply that may be available to the municipality.

(2) Notwithstanding paragraph (1), the cost effectiveness of a project when compared to other sources of state or local water supply shall not be the sole factor in determining whether to enter into an agreement.

(b) Whether the project will augment state or regional water supplies consistent with, or otherwise will be consistent with, criteria set forth in the water recycling construction program

priority list adopted by the board to implement the Costa-Machado Water Act of 2000 (Division 26 (commencing with Section 79000)).

(c) The amount of funding that the municipality is requesting under this chapter.

79311. An agreement entered into pursuant to Section 79310 may include those provisions determined by the board to be necessary for the purposes of this chapter.

CHAPTER 6. DUAL PLUMBING PROGRAM

79312. For the purposes of this chapter, "account" means the Dual Plumbing Account established by Section 79313.

79313. (a) The Dual Plumbing Account is hereby established in the fund. The sum of two hundred million dollars (\$200,000,000) is hereby transferred from the fund to the account for the purposes of this chapter.

(b) Notwithstanding Section 13340 of the Government Code, 30 percent of the money in the account is hereby continuously appropriated, without regard to fiscal years, to the board for loans to municipalities for the design and construction of dual plumbing projects in accordance with Section 79314.

(c) Seventy percent of the money in the account, upon appropriation by the Legislature to the board, may be expended by the board as follows:

(1) For grants to municipalities for the design, construction, or financing of dual plumbing projects in accordance with Section 79314.

(2) For grants to municipalities for facility planning studies for dual plumbing projects. The amount of the grants for facility planning studies may not exceed one hundred thousand dollars (\$100,000) per study.

(d) Funding for the purposes of paragraph (1) of subdivision (c) shall be limited to 30 percent of eligible costs, up to five million dollars (\$5,000,000) per project.

79314. (a) The board may enter into agreements with municipalities for loans and grants for dual plumbing projects in accordance with this chapter. Criteria to be considered by the board in determining whether to enter into an agreement under this chapter may include, but are not limited to, whether the project is a cost-effective means to meet the state, regional, or local water supply needs, when compared to other dual plumbing projects.

(b) Notwithstanding subdivision (a), the cost effectiveness of a project when compared to other dual plumbing projects shall not be the sole factor in determining whether to enter into an agreement.

CHAPTER 7. LOAN PROVISIONS

79315. (a) A contract for a loan made pursuant to this division may not provide for a moratorium on, or the deferment of, the payment of the principal of, or interest on, the loan.

(b) Any loan made pursuant to subdivision (b) of Section 79309 or subdivision (b) of Section 79313 shall be for a period not to exceed 30 years.

(c) The board may enter into a contract for a loan that equals up to 100 percent of the total eligible cost of design and construction of an eligible water recycling project or dual plumbing project.

79316. (a) The board may establish the interest rate for a loan

made pursuant to this division at a rate equal to 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds, to be computed according to the true interest cost method.

(b) If the interest rate so determined is not a multiple of one-tenth of 1 percent, the interest rate shall be set at the next higher multiple of one-tenth of 1 percent.

(c) The interest rate set for each contract shall be applied throughout the repayment period of the contract. There shall be a level annual repayment of principal and interest on the loans.

79717. All principal and interest payments received pursuant to loan contracts executed pursuant to this division shall be deposited in the fund for the purposes of making more loans pursuant to this division, and shall not be transferred to the General Fund.

79318. All interest earned by assets in the fund shall be deposited in the fund.

CHAPTER 9. ADMINISTRATION

79320. Not more than 3.5 percent of the total amount deposited in the fund may be used to pay the costs incurred in connection with the administration of this division.

CHAPTER 10. FISCAL PROVISIONS

79350. Bonds in the total amount of five hundred seventy-five million, nine hundred thousand dollars (\$575,900,000) not including the amount of any refunding bonds issued in accordance with Section 79359, 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 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 the principal of, and interest on, the bonds as the principal and interest become due and payable.

79351. (a) The bonds authorized by this division 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), except Section 16727, 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.

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

79352. 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 Water Recycling and Dual Plumbing Finance Committee is hereby established. For purposes of this division, the Water Recycling and Dual Plumbing Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, and the Director of Finance, or their designated representatives. A majority of the committee may act for the committee.

79353. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this

division in order 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.

79354. 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. 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 that is necessary to collect that additional sum.

79355. 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 necessary to carry out Section 79356, appropriated without regard to fiscal years.

79356. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount 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 amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

79357. All money deposited in the fund that 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.

79358. 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, by resolution, has authorized to be sold for the purpose of carrying out this division. The board 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 board in accordance with this division.

79359. The bonds 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 the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this division includes the approval of the issuance of any other bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

79360. Notwithstanding any provision of this division or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include 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 for the investment earnings on those proceeds. 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 those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of that state.

79361. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 2. This act shall become effective upon the approval by the voters of the Water Recycling and Dual Plumbing Bond Act of 2002, as set forth in Section 1 of the act adding this section.

SEC. 3. Section 1 of this act shall be submitted to the voters at the November 5, 2002 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 at the election shall have printed thereon and in a square thereof, the words: "Water Recycling and Dual Plumbing Bond Act of 2002" and in the same square under those words, the following in 8-point type: "This act provides for a bond issue of five hundred seventy-five million, nine hundred thousand dollars (\$575,900,000) to provide funds for a water recycling and dual plumbing infrastructure program." 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.

(b) Notwithstanding Sections 13247 and 13281 of the Elections Code, the language in subdivision (a) shall be the only 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 financial 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.

(c) Where voting in the election is done by means of voting machines used pursuant to law in a 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 this section.

SEC. 5. The provisions of Section 1 are severable. If any provision of Section 1 or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 6. 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 remedy critical drinking water, water quality, and water supply problems, thereby protecting public health and safety, it is necessary that this act take effect immediately.

**BILL NUMBER: AB 2376 INTRODUCED
BILL TEXT**

INTRODUCED BY Assembly Member Cogdill

FEBRUARY 21, 2002

An act to add Division 29 (commencing with Section 80500) to the Water Code, relating to financing a water storage program, 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

AB 2376, as introduced, Cogdill. Water Sustainability and Reliability Bond Act of 2002.

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

This bill would enact the Water Sustainability and Reliability Bond Act of 2002 which, if adopted, would authorize, for purposes of financing a water storage program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of ____.

The bill would require the Secretary of State to submit the bond act to the voters at the November 5, 2002, statewide general election.

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

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

SECTION 1. Division 29 (commencing with Section 80500) is added to the Water Code, to read:

DIVISION 29. WATER SUSTAINABILITY AND RELIABILITY BOND ACT OF 2002

CHAPTER 1. SHORT TITLE

80500. This division shall be known and may be cited as the Water Sustainability and Reliability Bond Act of 2002.

CHAPTER 2. FINDINGS AND DECLARATIONS

80501. In placing this measure before the voters, the Legislature hereby finds and declares all of the following:

- (a) An adequate water supply will protect the economy of the state and wildlife and aquatic species from the effects of multiple dry years or a sustained drought.

(b) Existing law requires that an adequate water supply be determined before certain residential housing can be constructed and the failure to increase the state's water supply will have additional detrimental effects on housing supplies, thereby decreasing affordability.

(c) California leads the nation in agricultural production, but without an adequate water supply for urban and municipal uses, water will continue to be diverted from agricultural uses, thereby eroding the economic base of much of the state.

(d) California is required to reduce the diversion of Colorado River Water by approximately 800,000 acre-feet over the next 15 years, further exacerbating potential water shortages and creating additional demands for in-state sources.

(e) A failure to respond to water supply needs could lead to water shortages of up to 4 million acre-feet in a normal year and over 8 million acre-feet in a dry year by the year 2020.

(f) It is the intent of the Legislature to establish a funding source for the construction of feasible storage reservoirs that will assist in meeting the diverse water needs of the State of California.

CHAPTER 3. WATER SUSTAINABILITY AND RELIABILITY FUND OF 2002

80502. Proceeds of bonds issued and sold pursuant to this division shall be deposited in the Water Sustainability and Reliability Bond Fund of 2002, which is hereby established in the State Treasury. For purposes of this division "fund" means the fund established by this section.

CHAPTER 4. SURFACE STORAGE CONSTRUCTION PROGRAM

80503. For the purposes of this chapter, "account" means the Surface Storage Construction Account.

80504. (a) The Surface Storage Construction Account is hereby established in the fund. The sum of ____ is hereby transferred from the fund to the account for the purposes of this chapter.

(b) The money in the account, upon appropriation by the Legislature to the department, may be expended by the department for the purposes of constructing surface storage facilities that have been approved by the CALFED Bay-Delta Program pursuant to the Integrated Storage Investigation Program.

CHAPTER 5. LOCAL AGENCY STORAGE PROGRAM

80510. For the purposes of this chapter, "account" means the Local Agency Storage Account.

80511. (a) The Local Agency Storage Account is hereby established in the fund. The sum of ____ is hereby transferred from the fund to the account for the purposes of this chapter.

(b) The money in the account, upon appropriation by the Legislature to the department, may be expended by the department to provide grants to local agencies for the construction of new storage facilities or expanded storage capacity.

80512. For the purposes of receiving funding under this chapter, the project proponent shall demonstrate that the project, by itself or in conjunction with other projects, will contribute significantly to the sustainability or reliability of local or regional water

supply needs.

80513. For the purposes of this chapter, an eligible project includes a project approved by the CALFED Bay-Delta Program pursuant to the Integrated Storage Investigation Program.

CHAPTER 6. FISCAL PROVISIONS

80520. Bonds in the total amount of ____ not including the amount of any refunding bonds issued in accordance with Section 80529, 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 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 the principal of, and interest on, the bonds as the principal and interest become due and payable.

80521. (a) The bonds authorized by this division 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), except Section 16727, 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.

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

80522. 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 Water Sustainability and Reliability Finance Committee is hereby established. For purposes of this division, the Water Sustainability and Reliability Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, and the Director of Finance, or their designated representatives. A majority of the committee may act for the committee.

80523. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order 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.

80524. 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. 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 that is necessary to collect that additional sum.

80525. 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 necessary to carry out Section 80526, appropriated without regard to fiscal years.

80526. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount 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 amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

80527. All money deposited in the fund that 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.

80528. 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 purpose of carrying out this division. The amount of the request shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purpose of carrying out this division. 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 division.

80529. The bonds 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 the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this division includes the approval of the issuance of any other bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

80530. Notwithstanding any provision of this division or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include 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 for the investment earnings on those proceeds. 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 those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of that state.

80531. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 2. This act shall become effective upon the approval by the voters of the Water Sustainability and Reliability Bond Act of 2002, as set forth in Section 1 of the act adding this section.

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

the November 5, 2002, statewide general 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 at the election shall have printed thereon and in a square thereof, the words: "Water Sustainability and Reliability Bond Act of 2002" and in the same square under those words, the following in 8-point type: "This act provides for a bond issue of ____ to provide funds for a water storage program." 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.

(b) Notwithstanding Sections 13247 and 13281 of the Elections Code, the language in subdivision (a) shall be the only 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 financial 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.

(c) Where voting in the election is done by means of voting machines used pursuant to law in a 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 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 remedy critical water supply problems, thereby protecting public health and safety, it is necessary that this act take effect immediately.

**BILL NUMBER: SB 1710 INTRODUCED
BILL TEXT**

INTRODUCED BY Senator Costa

FEBRUARY 21, 2002

An act to add Division 30 (commencing with Section 81000) to the Water Code, relating to financing a ____ program, 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 1710, as introduced, Costa. ____ Bond Act of 2002.

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

This bill would enact the ____ Bond Act of 2002 which, if adopted, would authorize, for purposes of financing a ____ program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$____.

The bill would require the Secretary of State to submit the bond act to the voters at the ____ election.

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

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

SECTION 1. Division 30 (commencing with Section 81000) is added to the Water Code, to read:

**DIVISION 30. _____ ACT OF 2002
CHAPTER 1. SHORT TITLE**

81000. This division shall be known and may be cited as the ____ Bond Act of 2002.

CHAPTER 2. DEFINITIONS

81001. Unless the context otherwise requires, the definitions set forth in this chapter govern the construction of this division.

81002. "Bay-delta" means the San Francisco Bay/Sacramento-San Joaquin Delta Estuary.

81003. "Board" means the State Water Resources Control Board.

81004. "CALFED" refers to the consortium of state and federal agencies with management and regulatory responsibilities in the

bay-delta that are developing a long-term solution to water management, environmental, and other problems in the bay-delta watershed.

81005. "Clean Water Act" means the federal Clean Water Act (33 U.S.C. Sec. 1251 et seq.), and any amendment thereto.

81006. "Committee" means the ____ Finance Committee established by Section 81092.

81007. "Delta" means the Sacramento-San Joaquin Delta.

81008. "Department" means the Department of Water Resources.

81009. "Fund" means the ____ Bond Fund established by Section 81015.

CHAPTER 3. _____ BOND FUND

81015. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the ____ Bond Fund, which is hereby established in the State Treasury.

CHAPTER 4. SAFE DRINKING WATER PROGRAM

Article 1. Definitions

81016. Unless the context otherwise requires, the following definitions govern the construction of this chapter.

(a) "Federal act" means the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.), and any amendment thereto.

(b) "State department" means the State Department of Health Services.

(c) "Supplier" means any person, partnership, corporation, association, public agency, or other entity, including any Indian tribe having a federally recognized governing body carrying out substantial governmental duties in and powers over any area, that owns or operates a public water system.

Article 2. Safe Drinking Water State Revolving Fund

81017. The sum of ____ dollars (\$____) is hereby transferred from the fund to the Safe Drinking Water State Revolving Fund established by Section 116760.30 of the Health and Safety Code.

81018. The money transferred to the Safe Drinking Water State Revolving Fund pursuant to Section 81017 shall be expended by the state department for loans and grants to suppliers for the purposes of undertaking infrastructure improvements and related actions to meet safe drinking water standards, in accordance with the Safe Drinking Water State Revolving Fund Law of 1997 (Chapter 4.5 (commencing with Section 116760) of Part 12 of Division 104 of the Health and Safety Code).

CHAPTER 5. CLEAN WATER PROGRAM

Article 1. Clean Water Program Account

81019. For the purposes of this chapter, "account" means the Clean Water Program Account established by Section 81020.

81020. The Clean Water Program Account is hereby established in the fund. The sum of ____ dollars (\$____) is hereby transferred from the fund to the account.

Article 2. Definitions

81021. Unless the context otherwise requires, the following definitions govern the construction of this chapter:

(a) "Eligible project" means a project or activity described in paragraph (1), (2), (3), or (4) of subdivision (a) of Section 13480 that is all of the following:

(1) Necessary to prevent water pollution, reclaim water, or improve water quality.

(2) Eligible for funds from the State Revolving Fund Loan Subaccount established by subdivision (a) of Section 79121 or federal assistance.

(3) Certified by the board as entitled to priority over other eligible projects.

(4) Complies with applicable water quality standards, policies, and plans.

(b) "Small community" means a municipality with a population of 10,000 persons or less, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 10,000 persons or less, with financial hardship as determined by the board.

(c) "Treatment works" has the same meaning as defined in the Clean Water Act.

Article 3. State Revolving Fund Loan Program

81022. The sum of ____ dollars (\$____) is hereby transferred from the account to the State Revolving Fund Loan Subaccount established by subdivision (a) of Section 79121 and, notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated, without regard to fiscal years, to the board for the purpose of providing loans pursuant to the Clean Water Act, to aid in the construction or implementation of eligible projects.

Article 4. Small Communities Grant

81025. The sum of ____ dollars (\$____) is hereby transferred from the account to the Small Communities Grant Subaccount established by subdivision (b) of Section 79121 and, notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated, without regard to fiscal years, to the board for the purpose of providing grants by the board to small communities for construction of eligible treatment works.

Article 5. Water Pollution Prevention and Control Program

81030. (a) The sum of ____ dollars (\$____) is hereby transferred from the account to the Contaminant Removal Program Subaccount, which is hereby established in the account.

(b) The board may expend the money in that subaccount, upon appropriation by the Legislature to the board, for the purposes of providing grants or loans for pilot projects and demonstration projects for drinking water disinfecting projects using ultraviolet technology and ozone treatment and for treatment and removal of any of the following contaminants:

(1) Petroleum products, such as MTBE and BTEX.

- (2) N-Nitrosodimethylamine (NDMA).
- (3) Perchlorate.
- (4) Radionuclides, such as radon, uranium, and radium.
- (5) Pesticides and herbicides.
- (6) Heavy metals, such as arsenic, mercury, and chromium.
- (7) Pharmaceuticals and endocrine disrupters.

81031. (a) The sum of ____ dollars (\$____) is hereby transferred from the account to the Salinity Management Program Subaccount, which is hereby established in the account.

(b) The board may expend the money in that subaccount, upon appropriation by the Legislature to the board, for the purposes of providing grants and loans for projects that reduce the discharge of salts to rivers and lakes, for the acquisition of drainage impacted agricultural lands, for the acquisition of land necessary to reduce salt loading in rivers tributary to the bay-delta, and for projects that reduce salt loading within hydrologic basins.

Article 6. Drinking Water Source Protection Program

81035. (a) The sum of ____ dollars (\$____) is hereby transferred from the account to the Drinking Water Source Protection Program Subaccount, which is hereby established in the account.

(b) The board may expend the money in that subaccount, upon appropriation by the Legislature to the board, for the purposes of providing competitive grants and loans for all of the following purposes:

- (1) Water pollution prevention.
- (2) Water quality improvement.
- (3) Water quality blending and exchange programs.
- (4) Projects to mitigate pathogen risk from recreational uses and drinking water storage facilities.

(c) The board shall give priority to projects and programs that assist local agencies to meet water quality standards established by the board.

Article 7. Groundwater Monitoring Program

81040. (a) The sum of ____ dollars (\$____), upon appropriation by the Legislature from the account to the board, may be expended by the board for the implementation of the Groundwater Quality Monitoring Act of 2001 (Part 2.76 (commencing with Section 10780) of Division 6).

(b) The sum of ____ dollars (\$____) is hereby transferred from the account to the Local Groundwater Assistance Fund established by Section 10795.2 for expenditure by the department, upon appropriation by the Legislature to the department, for projects and programs described in Section 10795.4.

Article 8. Lake Tahoe Water Quality Improvement Program

81045. The sum of ____ dollars (\$____) upon appropriation by the Legislature from the account to the California Tahoe Conservancy, may be expended by the California Tahoe Conservancy for acquisition of land from willing sellers, restoration, and protection of land and water resources to improve the water quality in Lake Tahoe.

CHAPTER 6. OCEAN AND BRACKISH WATER DESALINATION PROGRAM

81047. For the purposes of this chapter, "account" means the Desalination Development Account.

81048. The Desalination Development Account is hereby established in the fund. The sum of ____ dollars (\$____) is hereby transferred from the fund to the account for the purposes of implementing this chapter.

81049. The money in the account, upon appropriation by the Legislature to the department, may be expended by the department for grants for the purpose of pilot projects, demonstration projects, or projects for pretreatment, salt removal, and brine management of water supply, as well as research and development activities related to those purposes. The department shall expend the funds made available pursuant to this section for desalination programs for ocean water, brackish water, and agricultural drainage water.

CHAPTER 7. INTEGRATED REGIONAL WATER MANAGEMENT PROGRAM

81050. The sum of ____ dollars (\$____), upon appropriation by the Legislature from the fund to the department, may be expended by the department for competitive grants for projects that are part of integrated regional water management programs that protect communities from drought, protect and improve water quality, and improve local water security. No project financed pursuant to this section may include an on-stream surface water facility or an off-stream surface water facility, other than percolation ponds for groundwater recharge in urban and agricultural areas.

81051. Funds made available pursuant to Section 81050 may be expended for grants for water management projects that are part of an integrated regional water management plan and include one or more of the following elements:

(a) Programs and projects for water supply reliability, water conservation, and water use efficiency.

(b) Storm water capture, storage, treatment, and management.

(c) Removal of invasive nonnative plants, the creation and enhancement of wetlands, and the acquisition, protection, and restoration of open space and watershed lands.

(d) Nonpoint source pollution reduction, management, and monitoring.

(e) Groundwater recharge and management projects.

(f) Contaminate and salt removal through reclamation, desalting, and other treatment technologies.

(g) Water banking, exchange, reclamation, and improvement of water quality.

(h) Planning and implementation of multipurpose flood control programs that protect property and improve water quality, storm water capture and percolation, and protect or improve wildlife habitat.

(i) Watershed management planning and implementation.

(j) Demonstration projects to develop new drinking water treatment and distribution methods.

81052. The sum of ____ dollars (\$____), upon appropriation by the Legislature from the fund to the department, may be expended by the department for grants to local public agencies for canal lining and related projects necessary to reduce Colorado River water use pursuant to the California Colorado River Water Use Plan adopted by the Colorado River Board.

81053. The sum of ____ dollars (\$____), upon appropriation by the Legislature from the fund, may be expended by the Department of Fish and Game or the Salton Sea Authority, or allocated by either entity to local public agencies that possess rights to Colorado River water, for the acquisition, protection, and restoration of land and water resources necessary to meet state and federal regulatory requirements related to California's allocation of water supplies from the Colorado River.

CHAPTER 8. FLOOD CONTROL PROGRAM

81055. The sum of ____ dollars (\$____) is hereby transferred from the fund to the Flood Control Subventions Subaccount established by subdivision (a) of Section 79055 for expenditure by the department for the purposes of subdivision (a) of Section 79057.

CHAPTER 9. GROUNDWATER STORAGE PROGRAM

81057. (a) The sum of ____ dollars (\$____) is hereby transferred from the fund to the Conjunctive Use Subaccount established by Section 79172.

(b) Funds transferred pursuant to subdivision (a) may be expended by the department, upon appropriation by the Legislature to the department, for any of the purposes of Article 2 (commencing with Section 79170) of Chapter 9 of Division 26.

CHAPTER 10. INTERIM RELIABLE WATER SUPPLY AND WATER QUALITY INFRASTRUCTURE AND MANAGEMENT PROGRAM

81060. The sum of ____ dollars (\$____), upon appropriation by the Legislature from the fund to the department, shall be expended by the department in accordance with Article 4 (commencing with Section 79205.2) of Chapter 9 of Division 26.

CHAPTER 11. THE ENVIRONMENTAL WATER ACCOUNT

81063. For the purposes of this chapter, "account" means the Environmental Water Account established by Section 81064.

81064. The Environmental Water Account is hereby established in the fund. The sum of ____ dollars (\$____) is hereby transferred from the fund to the account.

81064.5. The money in the account, upon appropriation by the Legislature to the department, may be expended by the department for the purposes, programs, and projects necessary to implement the Environmental Water Account as described in the CALFED Record of Decision dated August 28, 2000. For the purposes of acquiring water pursuant to this chapter, the department shall give priority to the acquisition of water rights and long-term water purchase contracts.

CHAPTER 12. THE CALFED BAY-DELTA PROGRAM

81065. The sum of ____ dollars (\$____), upon appropriation by the Legislature, shall be expended from the fund for the implementation of the CALFED Bay-Delta Program, as follows:

(a) ____ dollars (\$____) to the department for surface water storage planning and feasibility studies. Funds made available by this section and not expended at the conclusion of all necessary

planning and feasibility studies, may be expended by the department for the construction of surface water storage facilities.

(b) ____ dollars (\$____) to the department for the water conveyance facilities described in subparagraph (B) of paragraph (2) of subdivision (d) of Section 79190.

(c) ____ dollars (\$____) to the department for Delta levee restoration. Funds expended pursuant to this subdivision are subject to Section 79050.

(d) ____ dollars (\$____) to the Department of Fish and Game for ecosystem restoration program implementation. Of the amount made available pursuant to this subdivision, not less than twenty million dollars (\$20,000,000) shall be allocated for projects that assist farmers in integrating agricultural activities with ecosystem restoration.

(e) ____ dollars (\$____) to the board for watershed program implementation.

(f) ____ dollars (\$____) to the department for urban and agricultural water conservation, recycling, and other water use efficiency projects.

81066. Not more than 5 percent of the funds made available pursuant to this chapter may be expended for independent scientific review, monitoring, and assessment of the results or effectiveness of the project or program expenditure.

81067. All projects financed pursuant to this chapter shall be consistent with the CALFED Programmatic Record of Decision.

81068. Not more than 5 percent of the funds available pursuant to this chapter may be used for administrative costs.

81069. All real property acquired pursuant to this chapter shall be acquired from willing sellers.

CHAPTER 13. COASTAL WATERSHED AND WETLAND PROTECTION

81070. (a) Notwithstanding Section 13340 of the Government Code, the sum of ____ dollars (\$____) is hereby continuously appropriated from the fund to the Wildlife Conservation Board, without regard to fiscal years, for the acquisition, protection, and restoration of coastal wetlands, upland areas adjacent to coastal wetlands, and coastal watershed lands. Funds appropriated pursuant to this section shall be for the acquisition, protection, and restoration of lands in or adjacent to urban areas.

(b) Not less than ____ dollars (\$____) of the amount appropriated pursuant to this section may be allocated for projects within Los Angeles and Ventura Counties. Of the remaining funds available pursuant to this section, the Wildlife Conservation Board shall give priority to the acquisition of not less than 100 acres consisting of upland mesa areas, including wetlands therein, adjacent to the state ecological reserve in the Bolsa Chica wetlands in Orange County.

(c) Not more than ____ dollars (\$____) of the amount appropriated pursuant to this section may be allocated for projects in the San Francisco Bay area, as described in Section 31162 of the Public Resources Code. Funds made available for the purposes of this subdivision may be allocated by the Wildlife Conservation Board to the State Coastal Conservancy.

81071. (a) The purchase price for each acquisition made pursuant to this chapter shall not exceed the fair market value of the property as defined in Section 1263.320 of the Code of Civil Procedure. Fair market value shall be determined by an appraisal

that is prepared by a licensed real estate appraiser and approved by the Wildlife Conservation Board and the Department of General Services.

(b) All real property acquired pursuant to this chapter shall be acquired from willing sellers.

CHAPTER 14. WATER SYSTEM SECURITY

81075. The sum of ____ dollars (\$____), upon appropriation by the Legislature from the fund to the department, may be expended by the department for the purpose of protecting state, local, and regional drinking water systems from terrorist attack or deliberate acts of destruction or degradation. Funds may be allocated for monitoring and early warning systems, fencing, protective structures, contamination treatment facilities, emergency interconnections, communications systems, and other projects designed to prevent damage to water treatment, distribution, and supply facilities, to prevent disruption of drinking water deliveries, and to protect drinking water supplies from intentional contamination.

CHAPTER 15. FISCAL PROVISIONS

81090. Bonds in the total amount of seven hundred three million dollars (\$703,000,000) not including the amount of any refunding bonds issued in accordance with Section 81099, 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 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 the principal of, and interest on, the bonds as the principal and interest become due and payable.

81091. (a) The bonds authorized by this division 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), except Section 16727, 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.

(b) For purposes of the State General Obligation Bond Law, each state agency that administers an appropriation from the fund is designated the "board."

81092. 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 ____ Finance Committee is hereby established. For purposes of this division, the ____ Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, and the Director of Finance, or their designated representatives. A majority of the committee may act for the committee.

81093. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order 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.

81094. 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. 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 that is necessary to collect that additional sum.

81095. 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 necessary to carry out Section 81096, appropriated without regard to fiscal years.

81096. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount 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 amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

81097. All money deposited in the fund that 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.

81098. The agency that administers an appropriation from the fund 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, by resolution, has authorized to be sold for the purpose of carrying out this division. The requesting agency 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 requesting agency in accordance with this division.

81099. The bonds 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 the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this division includes the approval of the issuance of any other bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

81100. Notwithstanding any provision of this division or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include 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 for the investment earnings on those proceeds. 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 those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of that state.

81101. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 2. This act shall become effective upon the approval by the voters of the ____ Bond Act of 2002, as set forth in Section 1 of the act adding this section.

SEC. 3. Section 1 of this act shall be submitted to the voters at the ____ 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 at the election shall have printed thereon and in a square thereof, the words: "____ Bond Act of 2002" 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 a ____ program." 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.

(b) Notwithstanding Sections 13247 and 13281 of the Elections Code, the language in subdivision (a) shall be the only 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 financial 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.

(c) Where voting in the election is done by means of voting machines used pursuant to law in a 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 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 remedy critical drinking water, water quality, and water supply problems, thereby protecting public health and safety, it is necessary that this act take effect immediately.

**BILL NUMBER: SBX3 9 INTRODUCED
BILL TEXT**

INTRODUCED BY Senator Costa

FEBRUARY 21, 2002

An act to add Division 30 (commencing with Section 81000) to the Water Code, relating to financing a ____ program, 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 9, as introduced, Costa. ____ Bond Act of 2002.

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

This bill would enact the ____ Bond Act of 2002 which, if adopted, would authorize, for purposes of financing a ____ program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$____.

The bill would require the Secretary of State to submit the bond act to the voters at the ____ election.

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

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

SECTION 1. Division 30 (commencing with Section 81000) is added to the Water Code, to read:

**DIVISION 30. _____ ACT OF 2002
CHAPTER 1. SHORT TITLE**

81000. This division shall be known and may be cited as the ____ Bond Act of 2002.

CHAPTER 2. DEFINITIONS

81001. Unless the context otherwise requires, the definitions set forth in this chapter govern the construction of this division.

81002. "Bay-delta" means the San Francisco Bay/Sacramento-San Joaquin Delta Estuary.

81003. "Board" means the State Water Resources Control Board.

81004. "CALFED" refers to the consortium of state and federal agencies with management and regulatory responsibilities in the

bay-delta that are developing a long-term solution to water management, environmental, and other problems in the bay-delta watershed.

81005. "Clean Water Act" means the federal Clean Water Act (33 U.S.C. Sec. 1251 et seq.), and any amendment thereto.

81006. "Committee" means the ____ Finance Committee established by Section 81092.

81007. "Delta" means the Sacramento-San Joaquin Delta.

81008. "Department" means the Department of Water Resources.

81009. "Fund" means the ____ Bond Fund established by Section 81015.

CHAPTER 3. _____ BOND FUND

81015. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the ____ Bond Fund, which is hereby established in the State Treasury.

CHAPTER 4. SAFE DRINKING WATER PROGRAM

Article 1. Definitions

81016. Unless the context otherwise requires, the following definitions govern the construction of this chapter.

(a) "Federal act" means the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.), and any amendment thereto.

(b) "State department" means the State Department of Health Services.

(c) "Supplier" means any person, partnership, corporation, association, public agency, or other entity, including any Indian tribe having a federally recognized governing body carrying out substantial governmental duties in and powers over any area, that owns or operates a public water system.

Article 2. Safe Drinking Water State Revolving Fund

81017. The sum of ____ dollars (\$____) is hereby transferred from the fund to the Safe Drinking Water State Revolving Fund established by Section 116760.30 of the Health and Safety Code.

81018. The money transferred to the Safe Drinking Water State Revolving Fund pursuant to Section 81017 shall be expended by the state department for loans and grants to suppliers for the purposes of undertaking infrastructure improvements and related actions to meet safe drinking water standards, in accordance with the Safe Drinking Water State Revolving Fund Law of 1997 (Chapter 4.5 (commencing with Section 116760) of Part 12 of Division 104 of the Health and Safety Code).

CHAPTER 5. CLEAN WATER PROGRAM

Article 1. Clean Water Program Account

81019. For the purposes of this chapter, "account" means the Clean Water Program Account established by Section 81020.

81020. The Clean Water Program Account is hereby established in the fund. The sum of ____ dollars (\$____) is hereby transferred from the fund to the account.

Article 2. Definitions

81021. Unless the context otherwise requires, the following definitions govern the construction of this chapter:

(a) "Eligible project" means a project or activity described in paragraph (1), (2), (3), or (4) of subdivision (a) of Section 13480 that is all of the following:

(1) Necessary to prevent water pollution, reclaim water, or improve water quality.

(2) Eligible for funds from the State Revolving Fund Loan Subaccount established by subdivision (a) of Section 79121 or federal assistance.

(3) Certified by the board as entitled to priority over other eligible projects.

(4) Complies with applicable water quality standards, policies, and plans.

(b) "Small community" means a municipality with a population of 10,000 persons or less, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 10,000 persons or less, with financial hardship as determined by the board.

(c) "Treatment works" has the same meaning as defined in the Clean Water Act.

Article 3. State Revolving Fund Loan Program

81022. The sum of ____ dollars (\$____) is hereby transferred from the account to the State Revolving Fund Loan Subaccount established by subdivision (a) of Section 79121 and, notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated, without regard to fiscal years, to the board for the purpose of providing loans pursuant to the Clean Water Act, to aid in the construction or implementation of eligible projects.

Article 4. Small Communities Grant

81025. The sum of ____ dollars (\$____) is hereby transferred from the account to the Small Communities Grant Subaccount established by subdivision (b) of Section 79121 and, notwithstanding Section 13340 of the Government Code, is hereby continuously appropriated, without regard to fiscal years, to the board for the purpose of providing grants by the board to small communities for construction of eligible treatment works.

Article 5. Water Pollution Prevention and Control Program

81030. (a) The sum of ____ dollars (\$____) is hereby transferred from the account to the Contaminant Removal Program Subaccount, which is hereby established in the account.

(b) The board may expend the money in that subaccount, upon appropriation by the Legislature to the board, for the purposes of providing grants or loans for pilot projects and demonstration projects for drinking water disinfecting projects using ultraviolet technology and ozone treatment and for treatment and removal of any of the following contaminants:

(1) Petroleum products, such as MTBE and BTEX.

- (2) N-Nitrosodimethylamine (NDMA).
- (3) Perchlorate.
- (4) Radionuclides, such as radon, uranium, and radium.
- (5) Pesticides and herbicides.
- (6) Heavy metals, such as arsenic, mercury, and chromium.
- (7) Pharmaceuticals and endocrine disrupters.

81031. (a) The sum of ____ dollars (\$____) is hereby transferred from the account to the Salinity Management Program Subaccount, which is hereby established in the account.

(b) The board may expend the money in that subaccount, upon appropriation by the Legislature to the board, for the purposes of providing grants and loans for projects that reduce the discharge of salts to rivers and lakes, for the acquisition of drainage impacted agricultural lands, for the acquisition of land necessary to reduce salt loading in rivers tributary to the bay-delta, and for projects that reduce salt loading within hydrologic basins.

Article 6. Drinking Water Source Protection Program

81035. (a) The sum of ____ dollars (\$____) is hereby transferred from the account to the Drinking Water Source Protection Program Subaccount, which is hereby established in the account.

(b) The board may expend the money in that subaccount, upon appropriation by the Legislature to the board, for the purposes of providing competitive grants and loans for all of the following purposes:

- (1) Water pollution prevention.
- (2) Water quality improvement.
- (3) Water quality blending and exchange programs.
- (4) Projects to mitigate pathogen risk from recreational uses and drinking water storage facilities.

(c) The board shall give priority to projects and programs that assist local agencies to meet water quality standards established by the board.

Article 7. Groundwater Monitoring Program

81040. (a) The sum of ____ dollars (\$____), upon appropriation by the Legislature from the account to the board, may be expended by the board for the implementation of the Groundwater Quality Monitoring Act of 2001 (Part 2.76 (commencing with Section 10780) of Division 6).

(b) The sum of ____ dollars (\$____) is hereby transferred from the account to the Local Groundwater Assistance Fund established by Section 10795.2 for expenditure by the department, upon appropriation by the Legislature to the department, for projects and programs described in Section 10795.4.

Article 8. Lake Tahoe Water Quality Improvement Program

81045. The sum of ____ dollars (\$____) upon appropriation by the Legislature from the account to the California Tahoe Conservancy, may be expended by the California Tahoe Conservancy for acquisition of land from willing sellers, restoration, and protection of land and water resources to improve the water quality in Lake Tahoe.

CHAPTER 6. OCEAN AND BRACKISH WATER DESALINATION PROGRAM

81047. For the purposes of this chapter, "account" means the Desalination Development Account.

81048. The Desalination Development Account is hereby established in the fund. The sum of ____ dollars (\$____) is hereby transferred from the fund to the account for the purposes of implementing this chapter.

81049. The money in the account, upon appropriation by the Legislature to the department, may be expended by the department for grants for the purpose of pilot projects, demonstration projects, or projects for pretreatment, salt removal, and brine management of water supply, as well as research and development activities related to those purposes. The department shall expend the funds made available pursuant to this section for desalination programs for ocean water, brackish water, and agricultural drainage water.

CHAPTER 7. INTEGRATED REGIONAL WATER MANAGEMENT PROGRAM

81050. The sum of ____ dollars (\$____), upon appropriation by the Legislature from the fund to the department, may be expended by the department for competitive grants for projects that are part of integrated regional water management programs that protect communities from drought, protect and improve water quality, and improve local water security. No project financed pursuant to this section may include an on-stream surface water facility or an off-stream surface water facility, other than percolation ponds for groundwater recharge in urban and agricultural areas.

81051. Funds made available pursuant to Section 81050 may be expended for grants for water management projects that are part of an integrated regional water management plan and include one or more of the following elements:

- (a) Programs and projects for water supply reliability, water conservation, and water use efficiency.
- (b) Storm water capture, storage, treatment, and management.
- (c) Removal of invasive nonnative plants, the creation and enhancement of wetlands, and the acquisition, protection, and restoration of open space and watershed lands.
- (d) Nonpoint source pollution reduction, management, and monitoring.
- (e) Groundwater recharge and management projects.
- (f) Contaminate and salt removal through reclamation, desalting, and other treatment technologies.
- (g) Water banking, exchange, reclamation, and improvement of water quality.
- (h) Planning and implementation of multipurpose flood control programs that protect property and improve water quality, storm water capture and percolation, and protect or improve wildlife habitat.
- (i) Watershed management planning and implementation.
- (j) Demonstration projects to develop new drinking water treatment and distribution methods.

81052. The sum of ____ dollars (\$____), upon appropriation by the Legislature from the fund to the department, may be expended by the department for grants to local public agencies for canal lining and related projects necessary to reduce Colorado River water use pursuant to the California Colorado River Water Use Plan adopted by the Colorado River Board.

81053. The sum of ____ dollars (\$____), upon appropriation by the Legislature from the fund, may be expended by the Department of Fish and Game or the Salton Sea Authority, or allocated by either entity to local public agencies that possess rights to Colorado River water, for the acquisition, protection, and restoration of land and water resources necessary to meet state and federal regulatory requirements related to California's allocation of water supplies from the Colorado River.

CHAPTER 8. FLOOD CONTROL PROGRAM

81055. The sum of ____ dollars (\$____) is hereby transferred from the fund to the Flood Control Subventions Subaccount established by subdivision (a) of Section 79055 for expenditure by the department for the purposes of subdivision (a) of Section 79057.

CHAPTER 9. GROUNDWATER STORAGE PROGRAM

81057. (a) The sum of ____ dollars (\$____) is hereby transferred from the fund to the Conjunctive Use Subaccount established by Section 79172.

(b) Funds transferred pursuant to subdivision (a) may be expended by the department, upon appropriation by the Legislature to the department, for any of the purposes of Article 2 (commencing with Section 79170) of Chapter 9 of Division 26.

CHAPTER 10. INTERIM RELIABLE WATER SUPPLY AND WATER QUALITY INFRASTRUCTURE AND MANAGEMENT PROGRAM

81060. The sum of ____ dollars (\$____), upon appropriation by the Legislature from the fund to the department, shall be expended by the department in accordance with Article 4 (commencing with Section 79205.2) of Chapter 9 of Division 26.

CHAPTER 11. THE ENVIRONMENTAL WATER ACCOUNT

81063. For the purposes of this chapter, "account" means the Environmental Water Account established by Section 81064.

81064. The Environmental Water Account is hereby established in the fund. The sum of ____ dollars (\$____) is hereby transferred from the fund to the account.

81064.5. The money in the account, upon appropriation by the Legislature to the department, may be expended by the department for the purposes, programs, and projects necessary to implement the Environmental Water Account as described in the CALFED Record of Decision dated August 28, 2000. For the purposes of acquiring water pursuant to this chapter, the department shall give priority to the acquisition of water rights and long-term water purchase contracts.

CHAPTER 12. THE CALFED BAY-DELTA PROGRAM

81065. The sum of ____ dollars (\$____), upon appropriation by the Legislature, shall be expended from the fund for the implementation of the CALFED Bay-Delta Program, as follows:

(a) ____ dollars (\$____) to the department for surface water storage planning and feasibility studies. Funds made available by this section and not expended at the conclusion of all necessary

planning and feasibility studies, may be expended by the department for the construction of surface water storage facilities.

(b) ____ dollars (\$____) to the department for the water conveyance facilities described in subparagraph (B) of paragraph (2) of subdivision (d) of Section 79190.

(c) ____ dollars (\$____) to the department for Delta levee restoration. Funds expended pursuant to this subdivision are subject to Section 79050.

(d) ____ dollars (\$____) to the Department of Fish and Game for ecosystem restoration program implementation. Of the amount made available pursuant to this subdivision, not less than twenty million dollars (\$20,000,000) shall be allocated for projects that assist farmers in integrating agricultural activities with ecosystem restoration.

(e) ____ dollars (\$____) to the board for watershed program implementation.

(f) ____ dollars (\$____) to the department for urban and agricultural water conservation, recycling, and other water use efficiency projects.

81066. Not more than 5 percent of the funds made available pursuant to this chapter may be expended for independent scientific review, monitoring, and assessment of the results or effectiveness of the project or program expenditure.

81067. All projects financed pursuant to this chapter shall be consistent with the CALFED Programmatic Record of Decision.

81068. Not more than 5 percent of the funds available pursuant to this chapter may be used for administrative costs.

81069. All real property acquired pursuant to this chapter shall be acquired from willing sellers.

CHAPTER 13. COASTAL WATERSHED AND WETLAND PROTECTION

81070. (a) Notwithstanding Section 13340 of the Government Code, the sum of ____ dollars (\$____) is hereby continuously appropriated from the fund to the Wildlife Conservation Board, without regard to fiscal years, for the acquisition, protection, and restoration of coastal wetlands, upland areas adjacent to coastal wetlands, and coastal watershed lands. Funds appropriated pursuant to this section shall be for the acquisition, protection, and restoration of lands in or adjacent to urban areas.

(b) Not less than ____ dollars (\$____) of the amount appropriated pursuant to this section may be allocated for projects within Los Angeles and Ventura Counties. Of the remaining funds available pursuant to this section, the Wildlife Conservation Board shall give priority to the acquisition of not less than 100 acres consisting of upland mesa areas, including wetlands therein, adjacent to the state ecological reserve in the Bolsa Chica wetlands in Orange County.

(c) Not more than ____ dollars (\$____) of the amount appropriated pursuant to this section may be allocated for projects in the San Francisco Bay area, as described in Section 31162 of the Public Resources Code. Funds made available for the purposes of this subdivision may be allocated by the Wildlife Conservation Board to the State Coastal Conservancy.

81071. (a) The purchase price for each acquisition made pursuant to this chapter shall not exceed the fair market value of the property as defined in Section 1263.320 of the Code of Civil Procedure. Fair market value shall be determined by an appraisal

that is prepared by a licensed real estate appraiser and approved by the Wildlife Conservation Board and the Department of General Services.

(b) All real property acquired pursuant to this chapter shall be acquired from willing sellers.

CHAPTER 14. WATER SYSTEM SECURITY

81075. The sum of ____ dollars (\$____), upon appropriation by the Legislature from the fund to the department, may be expended by the department for the purpose of protecting state, local, and regional drinking water systems from terrorist attack or deliberate acts of destruction or degradation. Funds may be allocated for monitoring and early warning systems, fencing, protective structures, contamination treatment facilities, emergency interconnections, communications systems, and other projects designed to prevent damage to water treatment, distribution, and supply facilities, to prevent disruption of drinking water deliveries, and to protect drinking water supplies from intentional contamination.

CHAPTER 15. FISCAL PROVISIONS

81090. Bonds in the total amount of seven hundred three million dollars (\$703,000,000) not including the amount of any refunding bonds issued in accordance with Section 81099, 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 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 the principal of, and interest on, the bonds as the principal and interest become due and payable.

81091. (a) The bonds authorized by this division 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), except Section 16727, 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.

(b) For purposes of the State General Obligation Bond Law, each state agency that administers an appropriation from the fund is designated the "board."

81092. 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 ____ Finance Committee is hereby established. For purposes of this division, the ____ Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, and the Director of Finance, or their designated representatives. A majority of the committee may act for the committee.

81093. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order 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.

81094. 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. 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 that is necessary to collect that additional sum.

81095. 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 necessary to carry out Section 81096, appropriated without regard to fiscal years.

81096. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount 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 amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

81097. All money deposited in the fund that 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.

81098. The agency that administers an appropriation from the fund 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, by resolution, has authorized to be sold for the purpose of carrying out this division. The requesting agency 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 requesting agency in accordance with this division.

81099. The bonds 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 the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this division includes the approval of the issuance of any other bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

81100. Notwithstanding any provision of this division or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include 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 for the investment earnings on those proceeds. 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 those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of that state.

81101. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 2. This act shall become effective upon the approval by the voters of the ____ Bond Act of 2002, as set forth in Section 1 of the act adding this section.

SEC. 3. Section 1 of this act shall be submitted to the voters at the ____ 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 at the election shall have printed thereon and in a square thereof, the words: "____ Bond Act of 2002" 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 a ____ program." 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.

(b) Notwithstanding Sections 13247 and 13281 of the Elections Code, the language in subdivision (a) shall be the only 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 financial 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.

(c) Where voting in the election is done by means of voting machines used pursuant to law in a 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 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 remedy critical drinking water, water quality, and water supply problems, thereby protecting public health and safety, it is necessary that this act take effect immediately.

BILL NUMBER: SB 2070 AMENDED
BILL TEXT

AMENDED IN SENATE MARCH 21, 2002

INTRODUCED BY Senator Johannessen

FEBRUARY 22, 2002

~~An act to add Part 2.12 (commencing with Section 10920) to Division 6 of the Water Code, relating to water, and making an appropriation therefor. An act to add Division 26.6 (commencing with Section 79500) to the Water Code, relating to financing a secure, safe drinking water, water quality, and water supply reliability program, 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 2070, as amended, Johannessen. ~~Water supply infrastructure~~ Water Supply Security and Water Supply Reliability Act of 2002 .

(1) Under existing law, various bond acts have been approved by the voters to provide funds for water projects, facilities, and programs.

This bill would enact the Water Supply Security and Water Supply Reliability Act of 2002 which, if adopted, would authorize, for purposes of financing a water supply security, safe drinking water, water quality, and water supply reliability program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$2,925,000,000.

The bill would require the Secretary of State to submit the bond act to the voters at the November 5, 2002, statewide general election.

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

~~(1) Under existing law, the Department of Water Resources operates the State Water Project and exercises various water resource functions.~~

~~This bill would enact the Local Public Agency Water Supply Infrastructure Act. The bill would require the department to establish a grant and loan program to enable local public agencies to carry out programs and projects to increase local water supplies, as prescribed. The bill would require the department, for funding purposes, to give preference to projects and programs that meet specified criteria.~~

~~(2) The bill would make an appropriation in an unspecified amount from an unspecified source to carry out the grant and loan program.~~

Vote: 2/3. Appropriation: ~~yes~~ no
. Fiscal committee: yes. State-mandated local program: no.

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

~~SECTION 1. Part 2.12 (commencing with Section 10920) is~~

SECTION 1. Division 26.6 (commencing with Section 79500) is added to the Water Code to read:

DIVISION 26.6. THE WATER SUPPLY SECURITY AND WATER SUPPLY RELIABILITY ACT OF 2002

CHAPTER 1. GENERAL PROVISIONS

Article 1. Short Title

79500. This division shall be known and may be cited as the Water Supply Security and Water Supply Reliability Act of 2002.

Article 2. Intent, Findings, and Declarations

79501. The people of California find and declare that it is necessary and in the public interest to do all of the following:

(a) Provide for the security and protection of the state's water supply from attacks by terrorists or by other deliberate or intentional acts of destruction, intended to render the state's water supply unsafe for human consumption.

(b) Provide for the development of safe, clean, and affordable local water supplies in sufficient quantity to meet the reasonable needs of the state's residents and its underlying, diverse economy.

(c) Develop and implement management within the state's watersheds so as to improve water quality, capture additional storm water runoff, protect and locally manage groundwater resources, and increase water use efficiency.

(d) Protect the water supplies for agricultural, municipal, and industrial use from natural drought through providing improved local water supply systems that reduce the dependence upon water imported from other hydrologic regions of the state or from other states.

(e) Reduce the pollution of rivers, lakes, estuaries, and streams and, thereby, improve the habitat for fish and wildlife and improve recreational uses.

(f) Reduce the salt contamination occurring on the west side of the San Joaquin Valley through the acquisition of drainage and salt impaired agricultural lands.

(g) Invest in projects and programs that further the ability of southern Californian's to live within the basic apportionment of the 4.4 million acre-feet per year of Colorado River water pursuant to the Colorado River Water Use Plan.

(h) Invest in the analysis of surface storage project feasibility studies that provide local water supplies and that reduce the dependence upon water imported from one hydrologic region of the state to another hydrologic region or from other states.

79502. It is the intent of the people by enacting this division that this division be administered and executed in the most expeditious manner possible. Further, it is the intent of the people, that the programs set forth in this division be carried out by local governments and local agencies and implemented by those local entities to the fullest extent of their authority.

79503. It is the intent of the people that security actions financed pursuant to this division shall be designed, implemented,

and managed locally, so as to improve the security and safety of the state's drinking water system and to identify plans to decrease local system vulnerability.

79504. It is the intent of people that investment of public funds pursuant to this division should result in public benefits.

Article 3. Definitions

79505. Unless the context otherwise requires, the following definitions govern the construction of this division:

(a) "Acquisition of drainage or salt impaired lands" is the acquisition by fee title of the lands specified in Section 79580 and the water allocation as provided in this division.

(b) "Board" is the State Water Resources Control Board.

(c) "Department" is the Department of Water Resources.

(d) "Fund" is the Water Security Bond Fund of 2002 as established pursuant to Section 79511.

(e) "Hydrologic regions" are those 10 regions described by the department in the departments' Bulletin 160-98 and used in the California Water Plan process.

(f) "Local agency" is any city, county, city and county, district, or other political subdivision of the state.

(g) "Local watershed group" is a group consisting of owners and managers of land within the watershed, local state and federal government representatives, and interested persons, who reside or work within the watershed, and may include other persons, organizations, nonprofit corporations, and businesses.

(h) "Local watershed management plan" is a document prepared by a local watershed group in cooperation with a local agency, and adopted by the local land use management agency and found to be consistent with that agency's general plan, sets forth a strategy to achieve a stable watershed, and does all of the following:

(1) Defines the geographical boundaries of the watershed.

(2) Describes the natural resource conditions within the watershed.

(3) Describes measurable characteristics for water quality improvements.

(4) Describes methods for achieving and sustaining water quality improvements.

(5) Identifies methods and actions to capture additional storm water runoff, protect, and locally manage groundwater resources and increase water use efficiency within the watershed.

(6) Identifies any person, organization, or public agency that is responsible for implementing actions to achieve the objectives of the plan.

(7) Provides milestones for implementing the methods to achieve the objectives of the plan.

(8) Describes a monitoring program designed to measure the effectiveness of achieving the objectives.

(i) "Nonprofit organization" is any California corporation organized under Section 501(c) (3) or 501(c) (5) of the Internal Revenue Code.

(j) "Regional Board" is a regional water quality control board.

(k) "Secretary" is the Secretary of the Resources Agency.

Article 4. Compliance with Related Laws and Plans

79506. Every proposed activity financed pursuant to this division shall be in compliance with all applicable federal, state, and local laws.

79507. Watershed management activities financed pursuant to this division shall be consistent with the applicable local watershed management plan.

CHAPTER 2. THE WATER SECURITY BOND FUND OF 2002

79511. The Water Security Bond Fund of 2002 is hereby established in the State Treasury.

79512. All money deposited in the fund shall only be used for the purposes and in the amounts set forth in this division and for no other purposes. Funds may not be redirected from this fund by administrative action for use in any other activity except those provided for in this division. Funds may not be redirected through administrative action from those programs described in one chapter to programs described in another chapter.

79513. Funds may not be reappropriated by the Legislature for other uses except those uses described by each chapter specifically.

CHAPTER 3. WATER SECURITY

79514. The sum of one billion dollars (\$1,000,000,000) shall be available for appropriation by the Legislature from the fund for the express purpose of protecting the drinking water systems within the state from terrorist attack or deliberate acts of degradation or destruction. This money may only be expended or granted for the development of plans and projects as provided in this chapter.

79515. Local agencies may make application to the department for grants pursuant to this chapter of up to one million five hundred dollars (\$1,500,000) to carry out vulnerability studies of the local physical plant, infrastructure, and supporting organization. These grants shall provide funding for data gathering, risk analysis, and the development of an implementation strategy. Grant applications shall identify a project or series of projects that will accomplish all of the following:

(a) Gather data necessary for prudent, well informed, and reasoned decisions.

(b) Evaluate existing facilities, as well as planned expansions of those facilities, to determine what reasonable risk currently exists for the local system and customers of the system.

(c) Carry out a detailed risk analysis so as to most efficiently and in the most cost-effective manner, recommend improvements to reduce likely risk to the system and customers of the system.

(d) Identify areas of opportunity for local agency cooperative efforts and actions of efficiency, including, but not limited to, the development of plans for emergencies, testing of water samples, personnel management, and security systems. Where feasible and desirable, a local agency shall attempt to reduce any duplication of effort or unnecessary development of facilities.

79516. Upon completion of a system vulnerability study, risk analysis, and an implementation plan, a local agency may make application to the department for a grant to implement its plan.

79517. A local agency may make application to the department for grants of up to twenty million dollars (\$20,000,000) to carry out its implementation plan. Each grant shall be matched with at least 25 percent of the funding from the local agency.

79518. A local agency may not use funds under this chapter for implementation measures, which, in the opinion of the department, are not directly related to the improvement of the security of the local water system and the reduction of vulnerability of the system and its customers from terrorist attack or intentional or deliberate acts of degradation or destruction. Funds appropriated pursuant to this chapter may not be used for land or water acquisitions, to acquire lands, or water, or as mitigation for any environmental impacts that may result from actions taken as part of the local agency actions within their implementation plan.

79519. At least ten million dollars (\$10,000,000) shall be available, and granted to qualified applicants by the department, to each of the state's 10 hydrologic regions. Funds not used in one hydrologic region may not be reallocated to another hydrologic region.

CHAPTER 4. CLEAN WATER

79530. The sum of one hundred million (\$100,000,000) shall be available for appropriation by the Legislature from the fund to the board for competitive grants to local agencies for the following purposes:

- (a) Water pollution prevention in the local agency service area.
- (b) Water reclamation in the local agency service area.
- (c) Water quality blending and exchange projects.
- (d) Groundwater cleanup projects.
- (e) Projects to mitigate pathogen risk from recreational uses at drinking water storage facilities that are located within the local agency service area.
- (f) Priority shall be given to actions that have been the subject of completed environmental review and are the subject of outstanding and appropriate permits or entitlements.
- (g) Not more than five million dollars (\$5,000,000) for each grant shall be made for each application. Each grant shall be matched with at least 25 percent of the funding from the local agency.

CHAPTER 5. CONTAMINANT AND SALT REMOVAL TECHNOLOGIES

79540. The sum of one hundred million dollars (\$100,000,000) shall be available for appropriation by the Legislature from the fund to the department for grants for the following projects:

- (a) Not less than fifty million dollars (\$50,000,000) of the money appropriated for purposes of this chapter shall be available for desalination projects. To be eligible to receive a grant at least 50 percent of the total cost of the project shall be met by matching funds or donated services from local sources.
- (b) Pilot and demonstration projects for treatment or removal of the following contaminants:
 - (1) Petroleum products (for example, MTBE and BTEX).
 - (2) N-Nitrosodimethylamine (NDMA).
 - (3) Perchlorate.
 - (4) Radionuclides, (for example, radon, uranium, and radium).
 - (5) Pesticides and herbicides.

- (6) *Heavy metals (for example, arsenic, mercury, and chromium).*
- (7) *Pharmaceuticals and endocrine disrupters.*
- (8) *Biological contaminants.*
- (c) *Drinking water disinfecting projects using ultraviolet technology and ozone treatment.*

CHAPTER 6. INTEGRATED REGIONAL WATER MANAGEMENT

79550. *The sum of eight hundred million dollars (\$800,000,000) shall be available for appropriation by the Legislature from the fund for competitive grants issued by the board for grants described in this chapter.*

79551. *The board may issue grants to a local agency for up to 75 percent of the total project costs, to improve local water supply through reducing the dependence of one hydrologic region upon water imported from another hydrologic region or another state. The remaining 25 percent of the total project costs shall come from local sources.*

79552. *The board may issue grants to a local agency for up to 75 percent of the total project cost, so as to protect communities from hydrologic drought, to protect and improve water quality, and to improve ecosystem health. The remaining 25 percent of the total project cost shall come from local sources.*

79553. *Money appropriated for purposes of this chapter shall be available for grants as provided in Sections 79551 and 79552 for water management projects that include one or more of the following elements:*

(a) *Projects that reduce the need for imported water from another region of the state or from another state and are designed to develop and improve utilization of local water supplies. These projects may include the development of water sources through desalination of ocean or brackish waters, groundwater cleanup, surface water runoff, capture, treatment, storage and reuse, or other innovative water management actions.*

(b) *Projects that capture local storm water runoff for treatment and management for beneficial use. These project do include storage in a groundwater basin or in an off-stream reservoir in an urban area. These projects do not include new on-stream surface reservoirs.*

(c) *The removal of invasive nonnative plants.*

(d) *Nonpoint source pollution reduction management and monitoring.*

(e) *Groundwater cleanup, recharge, and management projects carried out by a local agency that has jurisdiction in the area in which the project is located. Projects shall be consistent with applicable local groundwater management plans and regulations.*

(f) *Contaminant and salt removal through reclamation, desalting, and other treatment technologies.*

(g) *Water banking, water exchanges, reclamation, and improvement in water quality.*

(h) *Planning and implementation of multipurpose flood control programs that protect people and property and improve water quality, storm water capture and percolation, and protect or improve the ecosystem.*

(i) *Demonstration projects to develop new drinking water treatment, transmission, and distribution.*

(j) *Local groundwater monitoring and modeling programs that are*

implemented by a local agency that has regulatory authority over the subject groundwater resources.

(k) Improvements to local distribution facilities to reduce water losses and contamination.

(l) Improvements to existing storage facilities to reduce water losses and contamination.

(m) Surface storm water programs to reduce pollution and to beneficially utilize storm water runoff for water supplies.

79554. Each hydrologic region of the state shall receive a minimum of twenty million dollars (\$20,000,000) in funding under this chapter for eligible projects. This amount of funding shall remain available for each hydrologic region until grants are issued to meet that minimum amount. Funds from one hydrologic region may not be transferred to another hydrologic region.

CHAPTER 7. COLORADO RIVER

79560. The sum of two hundred million dollars (\$200,000,000) shall be available for appropriation by the Legislature from the fund to the department to issue grants for projects to local agencies that will directly or indirectly reduce the Colorado River water use pursuant to the California Colorado River Water Use Plan adopted by the Colorado River Board of California, as established by Section 12510.

79561. Money appropriated for purposes of this chapter shall be available for grants as provided in water management projects that include one or more of the following elements:

(a) Projects that reduce the need for imported water from another hydrologic region of the state or from another state and are designed to develop and improve utilization of local water supplies. These projects may include the development of water sources through desalination of ocean or brackish waters, groundwater cleanup, surface water runoff, capture, treatment, storage and beneficial reuse, or other innovative water management actions.

(b) Projects that capture local storm water runoff for treatment and management for beneficial use. These projects may include storage in a groundwater basin or in an off-stream reservoir in an urban area. These projects do not include new on-stream surface reservoirs.

(c) The removal of invasive nonnative plants.

(d) Nonpoint source pollution reduction management and monitoring.

(e) Groundwater cleanup, recharge and management projects carried out by a local agency that has jurisdiction in the area in which the project is located and which projects are consistent with applicable local groundwater management plans and regulations.

(f) Contaminant and salt removal through reclamation, desalting, and other treatment technologies.

(g) Water banking, water exchanges, reclamation, and improvement in water quality.

(h) Planning and implementation of multipurpose flood control programs that protect people and property and improve water quality, storm water capture and percolation, and protect or improve the ecosystem.

(i) Demonstration projects to develop new drinking water treatment and distribution.

(j) Local groundwater monitoring and modeling programs that are

implemented by a local agency that has regulatory authority over the subject groundwater resources.

(k) Improvements to local distribution facilities to reduce water losses and contamination.

(l) Improvements to existing storage facilities to reduce water losses and contamination.

(m) Surface storm water programs to reduce pollution and to beneficially utilize storm water runoff for water supplies.

79562. No funds appropriated for purposes of this chapter shall be used to acquire land or water resources outside of the Colorado River Service Area.

CHAPTER 8. WATERSHEDS

79570. The sum of three hundred million dollars (\$300,000,000) shall be available for appropriation by the Legislature from the fund to the board for grants to be issued to local agencies to develop and to carry out local watershed management plans and actions as described in this chapter.

79571. Each of the state's hydrologic regions shall receive a minimum amount of twenty million dollars (\$20,000,000) for eligible projects. This amount of funding shall remain available for each hydrologic region until grants are issued to meet that minimum amount. Funds from one hydrologic region may not be transferred to another hydrologic region.

79572. The purpose of this chapter is to provide funding to assist in the development and implementation of local watershed plans to improve water quality, restore natural systems of groundwater recharge, reduce flooding, control erosion, improve aquatic and terrestrial species habitats, and improve the management of the water resources of the state for environmental and human benefits.

79573. Grants may be issued by the board under this chapter only to a local agency that has a local watershed group assisting the agency. Furthermore, the board may not issue grants for implementation projects unless there is a completed local watershed plan and the implementation projects are consistent with the local watershed plan as determined by the local agency with land use management authority.

79574. Grants issued pursuant to Section 79571 do not require local matching funds. Lack of local matching funds shall not be used as criteria for grading, or evaluating, applicants by the board under this chapter. Once the minimum amount of funding described in Section 79571 for each hydrologic region has been met, any additional grants issued for actions within that hydrologic region is subject to a 25 percent match of the total cost of the projects described in the application from funds from another source.

79575. Projects funded under this chapter shall be designed to withstand substantial flooding and shall include a minimum 10-year maintenance program and demonstrate the potential to provide watershed benefits for 20 years.

79576. Applicants for implementation projects funded pursuant to this chapter shall be required to submit to the board a monitoring and reporting plan that does all of the following:

(a) Describes the baseline water quality of the water body within the watershed.

(b) Describes the manner in which the proposed watershed management actions will be implemented.

(c) Determines the effectiveness of the watershed restoration activities in preventing or reducing pollution.

(d) Determines, to the extent feasible, the changes in the pattern of flow in subject streams, including reduction of flood flows and changes in spring, summer, and fall, flows that result from the implementation of the project.

(e) Determines, to the extent feasible, the economic benefits resulting from management actions pursuant to subdivisions (c) and (d).

79577. A grant applicant shall notify, in writing, adjoining landowners of its request for funding under this chapter and the scope of the project for which the funding is requested. If this requirement requires the notification of more than 200 landowners, notification shall be made by letters to the owners of record of the 200 largest parcels and by publication for at least 20 days in a local newspaper of general circulation. Upon completion of the notification required under this paragraph, that applicant shall inform the board that the notification has occurred.

79578. A grant recipient shall obtain written permission from the landowners of the parcel of land upon which the project is to be carried out. The written permission shall expressly consent to the actions described in the grant application.

CHAPTER 9. ACQUISITION OF DRAINAGE OR SALT IMPAIRED LANDS

79580. The sum of three hundred twenty-five million dollars (\$325,000,000) shall be available for appropriation by the Legislature from the fund for the express purpose of the acquisition of drainage or salt impaired lands on the west side of the San Joaquin Valley. The objective is to acquire and retire from agricultural production 200,000 acres of land. The lands so acquired shall be acquired by the State of California under the direction of the secretary and involve the acquisition of drainage or salt impaired lands. The money appropriated for purposes of this chapter shall be expended only if the United States Secretary of Interior agrees to redirect Central Valley Project water supplies totaling an amount of 450,000 acre-feet of water for each year in the following manner:

(a) One hundred and fifty thousand acre feet of water shall be withdrawn from the amount of water exported from the watershed of the Trinity River and released in compliance with the Trinity River Flow Decision for environmental purposes.

(b) One hundred and fifty thousand acre feet of water shall be used to increase the reliability of the Trinity Division of the Central Valley Project's supplies to urban customers.

(c) One hundred and fifty thousand acre feet of water shall be used to increase the reliability of the Central Valley Project supply requirements within the Sacramento Watershed upstream of the San Francisco Bay Delta.

(d) None of the water so acquired and used within the Bay Delta Watershed shall be exported from the San Francisco Bay Delta for any use except those expressly named in the previous three subdivisions.

79581. If the United States Secretary of the Interior fails to redirect the Central Valley Project Water supplies as described in this chapter within four years of the date of the appropriation of

funds by the Legislature then the funds from this chapter shall be immediately redirected as follows:

(a) Two hundred million dollars (\$200,000,000) is made available to the board for grants to be issued to local agencies to carry out local watershed management actions, stream channel improvements, and stream flow constraint problems within the Trinity River Watershed. These grants shall be carried out in a manner to improve the ecosystem health and condition of the Trinity River Watershed. These funds shall remain available for the Trinity River Watershed until all funds are expended. Funds appropriated for purposes of this subdivision may not be transferred by administrative action to accomplish the purposes described in another subdivision, section, or chapter.

(b) Sixty-five million dollars (\$65,000,000) is available to the board for grants to be issued in compliance with the procedures and conditions of Chapter 8 (commencing with Section 79570). Funds appropriated for purposes of this subdivision may not be transferred by administrative action to accomplish the purposes described in another subdivision, section, or chapter.

(c) Sixty million dollars (\$60,000,000) is made available to the board for grants to be issued in compliance with the procedures and conditions of Chapter 6 (commencing with Section 79550). Funds appropriated for purposes of this subdivision may not be transferred by administrative action to accomplish the purposes described in another subdivision, section, or chapter.

CHAPTER 10. SURFACE STORAGE ANALYSIS

79590. The sum of one hundred million dollars (\$100,000,000) shall be available for appropriation by the Legislature from the fund to the department for grants to be issued to local agencies to carry out planning and feasibility analysis studies as described in this chapter.

79591. The department may issue grants to local agencies, up to 100 percent of the total planning and feasibility analysis studies costs for surface storage projects, to improve local water supply through reducing the dependence of one hydrologic region upon water imported from another hydrologic region or another state.

79592. Each of the state's hydrologic regions shall receive a minimum amount of three million dollars (\$3,000,000). This amount of funding shall remain available for each hydrologic region until grants are issued to meet that minimum amount. Funds from one hydrologic region may not be transferred to another hydrologic region, except as provided for in Section 79593.

79593. If the department fails to receive qualified applications for grants, so as to allow the expenditure of the funds available to each hydrologic region as provided in Section 79592, or to the state as whole as provided in Section 79590, then within six years of the date of the appropriation of funds by the Legislature, any remaining funds from this chapter shall be immediately redirected to Chapter 6 (commencing with Section 79550).

CHAPTER 11. FISCAL PROVISIONS

79595. Bonds in the total amount of two billion nine hundred twenty-five million dollars (\$2,925,000,000), not including the amount of any refunding bonds issued in accordance with Section

79604, 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 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 the principal of, and interest on, the bonds as the principal and interest become due and payable.

79596. (a) The bonds authorized by this division 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), except Section 16727, 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.

(b) For purposes of the State General Obligation Bond Law, each state agency that administers an appropriation of the fund is designated the "board."

79597. 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 Water Supply Security and Water Supply Reliability Act of 2002 Finance Committee is hereby established. For purposes of this division, the Water Supply Security and Water Supply Reliability Act of 2002 Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, and the Director of Finance, or their designated representatives. A majority of the committee may act for the committee.

79598. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order 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.

79599. 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. 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 that is necessary to collect that additional sum.

79600. 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 necessary to carry out Section 79601, appropriated without regard to fiscal years.

79601. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount 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 amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

79602. All money deposited in the fund that 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.

79603. The agency that administers an appropriation of the Water Supply Security and Water Supply Reliability Act of 2002 Bond Fund 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, by resolution, has authorized to be sold for the purpose of carrying out this division. The requesting agency 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 requesting agency in accordance with this division.

79604. The bonds 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 the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this division includes the approval of the issuance of any other bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

79605. Notwithstanding any provision of this division or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include 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 for the investment earnings on those proceeds. 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 those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of that state.

79606. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B 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 become effective upon the approval by the voters of the Water Supply Security and Water Supply Reliability Act of 2002, as set forth in Section 1 of this act.

SEC. 3. Section 1 of this act shall be submitted to the voters at the November 5, 2002, general 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 at the election shall have printed thereon and in a square

thereof, the words: "Water Supply Security and Water Supply Reliability Act of 2002" and in the same square under those words, the following in 8-point type: "This act provides for a bond issue of two billion nine hundred twenty-five million dollars (\$2,925,000,000) to provide funds for a secure, safe drinking water, water quality, and water supply reliability program." 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.

(b) Notwithstanding Sections 13247 and 13281 of the Elections Code, the language in subdivision (a) shall be the only 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 financial 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.

(c) Where voting in the election is done by means of voting machines used pursuant to law in a 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 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 remedy critical water supply security, safe drinking water, water quality, and water supply problems, thereby protecting public health and safety, it is necessary that this act take effect immediately. ~~added to Division 6 of the Water Code, to read:~~

~~PART 2.12. WATER SUPPLY INFRASTRUCTURE~~

~~10920. This part shall be known and may be cited as the "Local Public Agency Water Supply Infrastructure Act."~~

~~10920.2. The Legislature finds and declares as follows:~~

~~(a) The waters of the state are a limited and renewable resource subject to ever increasing demands.~~

~~(b) The ability of local agencies to develop the necessary water infrastructure projects in order to ensure adequate water supplies to meet existing and future demands for water during average to multiple dry water years is essential to meeting the consumptive water needs of a growing population and protecting the productivity of California's business and economic climate.~~

~~(c) This part is intended to provide local public agencies with the financial resources to pursue the development of essential water infrastructure projects and the implementation of water management programs that will increase local water supplies to meet existing and future water needs.~~

~~10920.4. For the purposes of this part, a "local public agency" means any city, county, city and county, district, joint powers authority, or other political subdivision of the state involved in providing water for irrigation or domestic use, or both.~~

~~10920.6. (a) The department shall establish a program pursuant to which grants and loans, or any combination thereof, may be provided~~

~~to local public agencies for programs and projects that are designed to increase local water supplies.~~

~~—(b) The department shall provide grants or loans for programs or projects that meet either of the following requirements:~~

~~—(1) The project or program is included in a local capital improvement plan.~~

~~—(2) The project or program is part of a local public water agency plan to acquire and develop additional water supplies and water storage facilities.~~

~~—10920.8. For the purposes of funding eligible programs or projects under this part, the department shall give priority to programs or projects that meet one or more of the following requirements:~~

~~—(a) Can be completed expeditiously and thereby provide near term benefits and more immediate mitigation of urgent problems related to water supply.~~

~~—(b) Includes public and private partnerships or cost sharing arrangements that maximize public benefits.~~

~~—(c) Is sponsored by a local public agency with water supplies that are being, or would be, impacted by Sacramento San Joaquin Delta related water supply shortages.~~

~~—(d) The program or project will provide multiple public benefits.~~

~~—10920.10. (a) No single grant or loan under this part may exceed _____ dollars (\$_____).~~

~~—(b) No single grant may exceed 50 percent of the total project or program costs.~~

~~—10920.12. The department, to the greatest extent possible, shall seek matching federal funds to implement this part.~~

~~—10920.14. The department may provide funds for all phases of project development, including, but not limited to, permitting and environmental compliance, feasibility studies, and construction.~~

~~—10920.16. Not more than 3 percent of the total amount appropriated to carry out this part may be used to pay costs incurred in connection with the administration of this part.~~

~~—SEC. 2. The sum of _____ dollars (\$_____) is hereby appropriated from ___ to carry out Part 2.12 (commencing with Section 10920) of Division 6 of the Water Code.~~