

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

May 13, 2003 Board Meeting

9-6

Subject

Express support, if amended, for SB 21 (Machado) - Water: Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002

Description

Senate Bill 21 (SB 21) was presented at the April 8 meeting of the Communications, Outreach and Legislation Committee, with a recommendation to support the bill if amended as described below. The committee deferred action as suggested by Chairman Loveland, in light of the proposed use of up to \$200 million from Proposition 50 for costs related to the Quantification Settlement Agreement (QSA). Subsequent to the April board meeting, Senator Mike Machado has used a different bill, SB 117, as the vehicle for QSA related funding. Therefore, the Board may consider SB 21 without regard for how Proposition 50 may ultimately relate to the QSA.

As reported last month, SB 21 provides enabling legislation for an “open and transparent” implementation of Proposition 50, the \$3.44 billion bond measure approved by voters in November 2002. Proposition 50 authorized state agencies to fund projects in several broad categories, but requires the Legislature to appropriate those funds, making this or similar legislation necessary.

The bill requires implementing state agencies and/or departments to establish and consult with a “public advisory committee” on their guidelines regarding project solicitation, criteria, and evaluation. The committee would be composed of a wide range of representatives from both governmental and nongovernmental entities. The agencies would also have to report on guidelines and procedures adopted through the public advisory process and to report annually to the Legislature on the geographic distribution of funds allocated; the intended public benefit of the projects funded; and the balance of funds available. The public advisory process could become inefficient and a source of delay, or create inconsistencies with established advisory bodies such as the Bay-Delta Public Advisory Committee (BDPAC). Although Senator Machado has stated his intention to ensure that the advisory processes be done with minimum delay, the Board may wish to go on record in support of amendments that promote an expeditious process with appropriate coordination with existing public advisory entities.

The legislation also requires administrative agencies to make grants through a competitive process based on merit and need. In some chapters of Proposition 50, this competitive process would give preference to projects benefiting “economically disadvantaged communities” and/or that provide “net environmental benefits.” The bill does not yet define “net environmental benefits.”

Senator Machado on April 22 agreed to incorporate the language of a separate bill, SB 518 by Senator Martha Escutia, to define a preference to be given to projects that benefit severely economically disadvantaged or economically disadvantaged areas. Such areas would be exempted from requirements for matching funds to qualify for Proposition 50 grants. No matching funds would be required of severely disadvantaged areas, and economically disadvantaged areas would need no more than 5 percent matching funds. A severely economically disadvantaged area is defined as an area with an annual median income of less than \$37,000 or an unemployment rate of greater than 9 percent based upon the most recent federal census. An economically disadvantaged area is defined as an area with an annual median income of between \$37,000 and \$47,000 and an unemployment rate between 7 and 9 percent based on the most recent federal census.

Chapter 4 (“Safe Drinking Water”) of Proposition 50 allocated “not less than sixty percent” (of the \$435 million identified) to “Southern California water agencies to assist in meeting the state’s commitment to reduce Colorado

River water use to 4.4 million acre-feet per year.” SB 21 defines “Southern California” as those agencies whose service area is entirely or partly within the counties of San Diego, Imperial, Riverside, Orange, Los Angeles, Ventura or San Bernardino. SB 21 also establishes the following two criteria that would both have to be met for a project to receive funding under this chapter: (1) “the project will assist the grantee to meet safe drinking water standards”; and (2) “the project will assist the grantee to meet the state’s commitment to reduce Colorado River water use to 4.4 million acre-feet per year.” Finally, SB 21 would require the other funds in this chapter to be administered on a competitive statewide basis.

Chapter 6 (“Contaminant and Salt Removal Technologies”) of Proposition 50 authorized funding for desalination, treatment and disinfection projects. SB 21 would allow, but not require, a cap on the size of grants under this chapter. The bill establishes legislative intent for subsequent appropriation of at least \$10 million for feasibility studies, but leaves to implementing guidelines any other allocation among these categories of projects.

Proposition 50 also provides funding for the Environmental Water Account under Chapter 7 (CALFED Bay-Delta Program). If the Environmental Water Account is extended beyond its current expiration date of September 30, 2004, SB 21 would direct at least \$90 million from Proposition 50 for acquisition of long-term purchase contracts and water rights.

Of the \$500 million identified in Chapter 8 (“Integrated Regional Water Management”) of Proposition 50, SB 21 would set minimum allocations of 40 percent to projects within the seven southernmost counties (referenced above), and 40 percent to the rest of the state. It also directs the Department of Water Resources and the State Water Resources Control Board to develop a joint proposal solicitation and grant process, report to the Legislature on the process adopted and provides that projects funded by DWR and SWRCB, under this chapter, be consistent with an adopted integrated regional water management plan.

Senate Bill 21 is included for reference as [Attachment 1](#). The text of Proposition 50 is [Attachment 2](#).

Policy

The Board of Directors supported passage of Proposition 50 (M.I. 44751, approved on January 8, 2002). This legislation is needed to promote its effective implementation.

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2:

The proposed actions are not defined as a project under CEQA because they involve 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 actions in question may have a significant effect on the environment, the proposed actions are not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed actions are not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #3:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Express support, if amended, for SB 21 (Machado); and
- b. Provide policy direction to staff regarding desired amendments.

Fiscal Impact: None

Option #2

Adopt the CEQA determination and provide policy direction to staff regarding desired amendments to SB 21.

Fiscal Impact: None

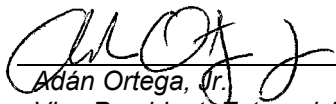
Option #3

Take no action.

Fiscal Impact: None

Staff Recommendation

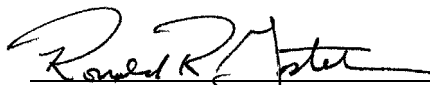
Option #1



Adán Ortega, Jr.
Vice President, External Affairs

4/25/2003

Date



Ronald R. Gastelum
Chief Executive Officer

4/28/2003

Date

Attachment 1 – Senate Bill 21

Attachment 2 – Proposition 50

BLA #2294

AMENDED IN SENATE APRIL 24, 2003

AMENDED IN SENATE APRIL 9, 2003

AMENDED IN SENATE MARCH 25, 2003

SENATE BILL

No. 21

Introduced by Senator Machado

December 2, 2002

An act to amend Section 11361 of the Government Code, and to add Sections 79505.5, 79522, 79532, 79533, 79534, 79535, 79540.1, 79541.1, 79542.1, 79543.1, 79544.1, 79544.2, 79547, 79547.2, 79555, 79560.5, 79562.5, 79564.1, 79564.5, 79568.5, and 79571.5 to the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 21, as amended, Machado. Water: Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002.

The

(1) The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, an initiative measure approved by the voters at the November 5, 2002, statewide general election, authorizes the state to issue general obligation bonds in the amount of \$3,440,000,000 for the purposes of the act.

This bill would require various state agencies, including the State Department of Health Services, the State Water Resources Control Board, and the Department of Water Resources, to establish guidelines for the purposes of implementing the act, and to convene and consult with a public advisory committee composed of certain representatives to assist each of those state agencies in carrying out that task. *The bill would authorize state agencies implementing certain provisions of the*



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act to include in these guidelines a requirement for matching funds but only if the guidelines include a waiver process for economically disadvantaged communities and severely economically disadvantaged communities, and a preference for grants to economically disadvantaged communities and severely economically disadvantaged communities. The bill would require each state agency to inform the Legislature as to its guidelines and would authorize the allocation of bond funds subject to those respective guidelines 60 days after the date on which the state agency informs the Legislature. The bill would require state agencies that are required to implement certain provisions of the act to inform the Legislature as to each recipient of bond funds, the amount of each expenditure made during the previous fiscal ~~year~~ year, and the amount of bond funds available for implementation of those respective provisions of the act.

The bill would require state agencies to award grants pursuant to certain provisions of the act on a competitive statewide basis and would require the State Department of Health Services to allocate certain grant money available to southern California water agencies on a competitive basis for projects to reduce Colorado River water use, including projects undertaken jointly with other entities.

The bill would declare the intent of the Legislature, of the funds made available for the purposes of desalination projects, to enact ~~in~~ subsequent legislation, to appropriate at least \$10,000,000 for feasibility studies. The bill would establish various other requirements relating to the implementation of the act.

(2) Existing law requires state agencies to adopt regulations in accordance with prescribed procedures and requirements and requires the Office of Administrative Law to review adopted regulations and to make certain determinations.

This bill would exempt the adoption or revision of regulations, guidelines, or criteria that implement the act from those provisions, and would instead require a public participation process.

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

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

1 SECTION 1. The Legislature finds and declares the
2 following:



1 (a) In order to protect the intent of the voters in approving the
 2 Water Security, Clean Drinking Water, Coastal and Beach
 3 Protection Act of 2002 (Division 26.5 (commencing with Section
 4 79500) of the Water Code), it is necessary and desirable that that
 5 act be implemented in as open and transparent manner as is
 6 practicable.

7 (b) It is further necessary and desirable that the public be
 8 directly involved in the development of guidelines governing
 9 project solicitation, criteria, and evaluation to the maximum extent
 10 practicable.

11 (c) Funds made available by that act are limited relative to
 12 apparent need. Therefore, both of the following implementing
 13 measures are necessary and desirable:

14 (1) Expenditures, including expenditures for loans and grants,
 15 pursuant to that act should be made on a competitive basis and
 16 evaluated solely on merit and need.

17 (2) Projects that meet the needs of economically disadvantaged
 18 communities *and severely economically disadvantaged*
 19 *communities* and projects that provide net environmental benefits
 20 should receive a preference in funding.

21 (d) To ensure that that act is implemented in accordance with
 22 the intent of the voters, it is necessary and desirable for agencies
 23 that implement that act to report annually on all of the following
 24 matter:

25 (1) The guidelines and procedures developed through a public
 26 advisory process.

27 (2) The geographic distribution of funds allocated pursuant to
 28 that act and the intended public benefit provided by those
 29 expenditures.

30 (3) The balance of funds available by that act for expenditures,
 31 including expenditures for loans and grants.

32 SEC. 2. *Section 11361 of the Government Code is amended to*
 33 *read:*

34 11361. This chapter does not apply to the adoption or revision
 35 of regulations, guidelines, or criteria to implement the Safe
 36 Neighborhood Parks, Clean Water, Clean Air, and Coastal
 37 Protection Bond Act of 2000 (the Villaraigosa-Keeley Act)
 38 (Chapter 1.692 (commencing with Section 5096.300) of Division
 39 5 of the Public Resources Code) *or the Water Security, Clean*
 40 *Drinking Water, Coastal and Beach Protection Act of 2002*



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1 (Division 26.5 (commencing with Section 79500) of the Water
2 Code). The adoption or revision of regulations, guidelines, or
3 criteria, if necessary to implement ~~that act those respective acts,~~
4 shall instead be accomplished by means of a public process
5 reasonably calculated to give those persons interested in their
6 adoption or revision an opportunity to be heard.

7 SEC. 2.5. Section 79505.5 is added to the Water Code, to read:
8 79505.5. As used in this division, the following terms shall
9 have the following meanings:

10 ~~(a) "Economically disadvantaged communities" means ____.~~

11 (a) "Economically disadvantaged community" means a
12 community with an annual median household income of
13 thirty-seven thousand dollars (\$37,000) or more, but less than
14 forty-seven thousand dollars (\$47,000), and an unemployment
15 rate that is more than 7 percent, but not more than 9 percent, based
16 on the most recent federal census.

17 (b) "Matching funds" means funds made available by other
18 than this division, donated services from nonstate sources, or both.

19 (c) "Net environmental benefits" means ____.

20 (d) "Safe drinking water standards" means state and federal
21 safe drinking water standards and maximum contaminate levels
22 and action levels, including the United States Environmental
23 Protection Agency's Stage 1 Disinfectants and Disinfection
24 By-Products Rule.

25 (e) "Severely economically disadvantaged community" means
26 a community with an annual median household income of less than
27 thirty-seven thousand dollars (\$37,000) or an unemployment rate
28 that is more than 9 percent, based on the most recent federal
29 census.

30 SEC. 3. Section 79522 is added to the Water Code, to read:

31 79522. (a) Funds made available pursuant to Section 79520
32 shall be appropriated to the State Department of Health Services
33 for statewide competitive grants.

34 (b) The State Department of Health Services, at a minimum,
35 shall convene and consult with a public advisory committee for the
36 purposes of developing solicitation and evaluation guidelines for
37 awarding grants under Section 79520.

38 (c) The public advisory committee shall be composed of
39 representatives of interested federal, state, and local governmental
40 agencies, regional water management groups and other regional



1 resource planning groups, public and private water agencies,
2 agricultural interest groups, environmental interest groups, public
3 interest groups, *nonprofit interest groups*, and other interested
4 parties.

5 (d) The public advisory committee shall provide advice and
6 comments to the State Department of Health Services on project
7 solicitation and evaluation, including, at a minimum, funding
8 priorities and criteria for evaluating grant proposals.

9 (e) Based on the advice and comments of the public advisory
10 committee, the State Department of Health Services shall develop
11 project solicitation and evaluation guidelines. The State
12 Department of Health Services shall inform the Legislature as to
13 the project solicitation and evaluation guidelines developed under
14 this section.

15 (f) Funds for awarding grants under this section are available
16 for allocation 60 days after the date on which the State Department
17 of Health Services informs the Legislature on the project
18 solicitation and evaluation guidelines.

19 (g) Beginning January 1, 2005, the State Department of Health
20 Services shall inform the Legislature as to the recipient and the
21 amount of each grant awarded during the previous fiscal year
22 under this chapter. The information shall include data on the
23 geographic distribution of grants awarded under this chapter and
24 the intended public benefit those grants provide. The information
25 shall also include data on the balance of funds available under this
26 chapter for grants in that current fiscal year and future fiscal years.

27 SEC. 4. Section 79532 is added to the Water Code, to read:

28 79532. (a) Funds made available pursuant to subdivision (b)
29 of Section 79530 shall be administered in accordance with this
30 section.

31 (b) Grants shall be awarded on a competitive basis among
32 southern California water agencies.

33 (c) For the purposes of this chapter, “southern California water
34 agencies” means water agencies whose service area is entirely or
35 partly in one or more of the following counties: San Diego,
36 Imperial, Riverside, Orange, Los Angeles, San Bernardino, or
37 Ventura.

38 (d) Grants may be awarded to southern California water
39 agencies for projects undertaken jointly by one or more southern
40 California water agencies and other entities.



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1 (e) A project funded by a grant made pursuant to subdivision
2 (b) of Section 79530 shall meet both of the following
3 requirements:

4 (1) The project will assist the grantee to meet safe drinking
5 water standards.

6 (2) The project will assist the grantee to meet the state's
7 commitment to reduce Colorado River water use to 4.4 million
8 acre-feet per year.

9 SEC. 5. Section 79533 is added to the Water Code, to read:

10 79533. (a) The State Department of Health Services, at a
11 minimum, shall convene and consult with a public advisory
12 committee for the purposes of developing solicitation and
13 evaluation guidelines for awarding grants under subdivision (b) of
14 Section 79530.

15 (b) The public advisory committee shall be composed of
16 representatives of interested federal, state, and local governmental
17 agencies, regional water management groups and other regional
18 resource planning groups, public and private water agencies,
19 agricultural interest groups, environmental interest groups, public
20 interest groups, *nonprofit interest groups*, and other interested
21 parties.

22 (c) The public advisory committee shall provide advice and
23 comments to the State Department of Health Services on project
24 solicitation and evaluation, including, at a minimum, funding
25 priorities and criteria for evaluating grant proposals.

26 (d) Based on the advice and comments of the public advisory
27 committee, the State Department of Health Services shall develop
28 project solicitation and evaluation guidelines. The guidelines may
29 include a requirement for matching funds, but only if the
30 guidelines also include a waiver process for economically
31 disadvantaged communities *and severely economically*
32 *disadvantaged communities*. The guidelines may also include a
33 cap on the size of grants awarded pursuant to subdivision (b) of
34 Section 79530. The guidelines shall include a preference for grants
35 to economically disadvantaged communities *and severely*
36 *economically disadvantaged communities*.

37 (e) The State Department of Health Services shall inform the
38 Legislature as to the project solicitation and evaluation guidelines
39 developed under this section. Funds for awarding grants pursuant
40 to subdivision (b) of Section 79530 are available for allocation 60



1 days after the date on which the State Department of Health
2 Services informs the Legislature.

3 SEC. 6. Section 79534 is added to the Water Code, to read:
4 79534. (a) Funds made available pursuant to paragraphs (1)
5 to (5), inclusive, of subdivision (a) of Section 79530, and not for
6 the purposes of subdivision (b) of that section, shall be
7 administered in accordance with this section.

8 (b) Grants shall be awarded on a statewide competitive basis.
9 A project that is eligible for funding for the purposes of
10 subdivision (b) of Section 79530 is not eligible for a grant subject
11 to this section.

12 (c) The State Department of Health Services, at a minimum,
13 shall convene and consult with a public advisory committee for the
14 purposes of developing solicitation and evaluation guidelines for
15 awarding grants under this section.

16 (d) The public advisory committee shall be composed of
17 representatives of interested federal, state, and local governmental
18 agencies, regional water management groups and other regional
19 resource planning groups, public and private water agencies,
20 agricultural interest groups, environmental interest groups, public
21 interest groups, *nonprofit interest groups*, and other interested
22 parties.

23 (e) The public advisory committee shall provide advice and
24 comments to the State Department of Health Services on project
25 solicitation and evaluation, including, at a minimum, funding
26 priorities and criteria for evaluating grant proposals.

27 (f) Based on the advice and comments of the public advisory
28 committee, the State Department of Health Services shall develop
29 project solicitation and evaluation guidelines. The guidelines may
30 include a requirement for matching funds, but only if the
31 guidelines also include a waiver process for economically
32 disadvantaged communities *and severely economically*
33 *disadvantaged communities*. The guidelines may also include a
34 cap on the size of grants awarded pursuant to this section. The
35 guidelines shall include a preference for grants to economically
36 disadvantaged communities *and severely economically*
37 *disadvantaged communities*.

38 (g) The State Department of Health Services shall inform the
39 Legislature as to the project solicitation and evaluation guidelines
40 developed under this section. Funds for awarding grants subject to



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1 this section are available for allocation 60 days after the date on
2 which the State Department of Health Services informs the
3 Legislature.

4 SEC. 7. Section 79535 is added to the Water Code, to read:

5 79535. Beginning January 1, 2005, the State Department of
6 Health Services shall inform the Legislature as to the recipient and
7 the amount of each grant awarded during the previous fiscal year
8 under this chapter. The information shall include data on the
9 geographic distribution of grants awarded under this chapter and
10 the intended public benefit those grants provide. The information
11 shall also include data on the balance of funds available under this
12 chapter for grants in that current fiscal year and future fiscal years.

13 SEC. 8. Section 79540.1 is added to the Water Code, to read:

14 79540.1. (a) Funds made available pursuant to *Section 79540*
15 shall be administered in accordance with this section.

16 (b) Grants shall be awarded on a statewide competitive basis.

17 (c) The board, at a minimum, shall convene and consult with
18 a public advisory committee for the purposes of developing
19 solicitation and evaluation guidelines for awarding grants under
20 this section.

21 (d) The public advisory committee shall be composed of
22 representatives of interested federal, state, and local governmental
23 agencies, regional water management groups and other regional
24 resource planning groups, public and private water agencies,
25 agricultural interest groups, environmental interest groups, public
26 interest groups, *nonprofit interest groups*, and other interested
27 parties.

28 (e) The public advisory committee shall provide advice and
29 comments to the board on project solicitation and evaluation,
30 including, at a minimum, funding priorities and criteria for
31 evaluating grant proposals.

32 (f) Based on the advice and comments of the public advisory
33 committee, the board shall develop project solicitation and
34 evaluation guidelines. The guidelines may include a requirement
35 for matching funds, but only if the guidelines also include a waiver
36 process for economically disadvantaged communities *and*
37 *severely economically disadvantaged communities*. The
38 guidelines may also include a cap on the size of grants awarded
39 pursuant to this section. The guidelines shall include a preference



1 for grants to economically disadvantaged communities *and*
2 *severely economically disadvantaged communities.*

3 (g) The board shall inform the Legislature *as to* the project
4 solicitation and evaluation guidelines developed under this
5 section. Funds for awarding grants pursuant to Section 79540 are
6 available for allocation 60 days after the date on which the board
7 informs the Legislature.

8 (h) Beginning January 1, 2005, the board shall inform the
9 Legislature as to the recipient and the amount of each grant
10 awarded the previous fiscal year pursuant to Section 79540. The
11 information shall include data on the geographic distribution of
12 grants awarded under Section 79540 and the intended public
13 benefit those grants provide. The information shall also include
14 data on the balance of funds available under Section 79540 for
15 grants in that current fiscal year and future fiscal years.

16 SEC. 9. Section 79541.1 is added to the Water Code, to read:

17 79541.1. Beginning January 1, 2005, the secretary shall
18 inform the Legislature as to the recipient and the amount of each
19 expenditure, loan, or grant awarded during the previous fiscal year
20 pursuant to Section 79541. The information shall include data on
21 the geographic distribution of those expenditures, loans, or grants
22 awarded under Section 79541 and the intended public benefit
23 those expenditures, loans, or grants provide. The information shall
24 also include data on the balance of funds available under Section
25 79541 for expenditures, loans, or grants in that current fiscal year
26 and future fiscal years.

27 SEC. 10. Section 79542.1 is added to the Water Code, to read:

28 79542.1. Beginning January 1, 2005, the California Tahoe
29 Conservancy shall inform the Legislature as to the seller and the
30 amount of each expenditure made during the previous fiscal year
31 pursuant to Section 79542. The information shall include data on
32 the geographic distribution of expenditures under Section 79542
33 and the intended public benefit those expenditures provide. The
34 information shall also include data on the balance of funds
35 available under Section 79542 for expenditures in that current
36 fiscal year and future fiscal years.

37 SEC. 11. Section 79543.1 is added to the Water Code, to read:

38 79543.1. Beginning January 1, 2005, the board shall inform
39 the Legislature as to the recipient and the amount of each
40 expenditure, grant, and loan made during the previous fiscal year



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1 pursuant to Section 79543. The information shall include data on
 2 the geographic distribution of expenditures, grants, and loans
 3 awarded under Section 79543 and the intended public benefit
 4 those expenditures, grants, and loans provide. The information
 5 shall also include data on the balance of funds available under
 6 Section 79543 for expenditures, grants, and loans in that current
 7 fiscal year and future fiscal years.

8 SEC. 12. Section 79544.1 is added to the Water Code, to read:

9 79544.1. The secretary shall require all prospective grantees
 10 for land and water acquisitions pursuant to Section 79544 to
 11 include in the grant application a proposal for the long-term
 12 management of the resource proposed to be acquired. The
 13 proposal shall identify the agency or organization that will hold
 14 title to the resource, including any state or federal agency to which
 15 title may be transferred after acquisition, and the agency or
 16 organization that will be responsible for managing and protecting
 17 the water quality values of the resource.

18 SEC. 13. Section 79544.2 is added to the Water Code, to read:

19 79544.2. Beginning January 1, 2005, the secretary shall
 20 inform the Legislature as to the recipient and the amount of each
 21 acquisition funded during the previous fiscal year pursuant to
 22 Section 79544. The information shall include data on the
 23 geographic distribution of acquisitions funded under Section
 24 79544 and the intended public benefit those acquisitions provide.
 25 The information shall also include data on the balance of funds
 26 available under Section 79544 for acquisitions in that current
 27 fiscal year and future fiscal years.

28 SEC. 14. Section 79547 is added to the Water Code, to read:

29 79547. (a) Funds made available pursuant to Section 79545
 30 shall be administered in accordance with this section.

31 (b) Grants shall be awarded on a statewide competitive basis.

32 (c) The department, at a minimum, shall convene and consult
 33 with a public advisory committee for the purposes of developing
 34 solicitation and evaluation guidelines for awarding grants under
 35 this chapter. *The department may use more than one advisory*
 36 *committee for the purpose of carrying out Section 79545.*

37 (d) The public advisory committee shall be composed of
 38 representatives of interested federal, state, and local governmental
 39 agencies, regional water management groups and other regional
 40 resource planning groups, public and private water agencies,



1 agricultural interest groups, environmental interest groups, public
2 interest groups, *nonprofit interest groups*, and other interested
3 parties.

4 (e) The public advisory committee shall provide advice and
5 comments to the department on project solicitation and evaluation,
6 including, at a minimum, funding priorities and criteria for
7 evaluating grant proposals.

8 (f) Based on the advice and comments of the public advisory
9 committee, the board shall develop project solicitation and
10 evaluation guidelines. The guidelines may also include a cap on
11 the size of grants awarded pursuant to this chapter. ~~The guidelines
12 shall include a preference for projects that provide a net
13 environmental benefit.~~ *this chapter.*

14 (g) The department shall inform the Legislature as to the
15 project solicitation and evaluation guidelines developed pursuant
16 to this section. Funds for awarding grants pursuant to Section
17 79545 are available for allocation 60 days after the date on which
18 the department informs the Legislature.

19 (h) The department may not delay convening the public
20 advisory committee pursuant to subdivision (c) for the purposes of
21 receiving the report prepared pursuant to Section 12949.6.

22 (i) Beginning January 1, 2005, the department shall inform the
23 Legislature as to the recipient and the amount of each grant
24 awarded during the previous fiscal year under this chapter. The
25 information shall include data on the geographic distribution of
26 grants awarded under this chapter and the intended public and
27 environmental benefit those grants provide. The information shall
28 also include data on the balance of funds available under this
29 chapter for grants in that current fiscal year and future fiscal years.

30 (j) Of the funds made available for the purposes of subdivision
31 (a) of Section 79545, it is the intent of the Legislature to enact
32 subsequent legislation to appropriate at least ten million dollars
33 (\$10,000,000) for feasibility studies.

34 *SEC. 14.5. Section 79547.2 is added to the Water Code, to
35 read:*

36 *79547.2. For the purposes of implementing subdivision (a) of
37 Section 79545, the guidelines established pursuant to Section
38 79547 shall include a preference for projects for which the project
39 proponent demonstrates need and that the project will benefit the
40 environment and will cause no or minimal negative impacts to the*



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1 *environment. For the purposes of carrying out this section, the*
2 *department shall consider all of the following:*

3 (a) *Impacts relating to saline water intake and outfall with*
4 *special consideration of impacts to sensitive habitats, such as*
5 *coastal wetlands, estuaries, or other sensitive coastal or marine*
6 *areas that may result from the implementation of the project.*

7 (b) *Project treatment of brine.*

8 (c) *A reduction in amounts of water diverted from streams or*
9 *rivers that support endangered or threatened species that may*
10 *result from the implementation of the project.*

11 (d) *A reduction in saltwater intrusion or groundwater overdraft*
12 *that may result from the implementation of the project.*

13 SEC. 15. Section 79555 is added to the Water Code, to read:
14 79555. The Legislature finds and declares all of the
15 following:

16 (a) According to the Environmental Water Account Operating
17 Principles Agreement, the environmental water account will
18 expire on September 30, 2004, unless extended by written
19 agreement among the management agencies and project agencies.

20 (b) The Environmental Water Account Operating Principles
21 Agreement also state that before the environmental water account
22 expires, the management agencies and project agencies will assess
23 the success of environmental water account operations and
24 analyze the potential impacts from new facilities and expanded
25 conveyance capacity. The agencies will then determine the
26 appropriate size and composition of an environmental water
27 account, as well as the environmental water account's sharing in
28 the benefits from new facilities, in the fifth and future years.

29 (c) If the Environmental Water Account is extended, it is the
30 intent of the Legislature to enact subsequent legislation requiring
31 that not less than 50 percent of the funds made available pursuant
32 to subdivision (d) of Section 79550 for acquisition of water for the
33 CALFED environmental water account be expended for
34 long-term water purchase contracts and water rights.

35 SEC. 16. Section 79560.5 is added to the Water Code, to read:
36 79560.5. The department and the board shall develop a joint
37 process for soliciting and reviewing proposals for grants pursuant
38 to Section 79560 to reduce the complexity and confusion of the
39 grant application process and to encourage greater coordination
40 and collaboration in funding between state agencies and programs.



1 SEC. 17. Section 79562.5 is added to the Water Code, to read:
 2 79562.5. (a) Funds made available pursuant to Section
 3 79560 shall be administered by the department and the board in
 4 accordance with this section.

5 (b) Grants shall be awarded on a statewide competitive basis.

6 (c) The department and the board, at a minimum, shall convene
 7 and consult with a public advisory committee for the purposes of
 8 developing solicitation and evaluation guidelines for awarding
 9 grants under this chapter.

10 (d) The public advisory committee shall be composed of
 11 representatives of interested federal, state, and local governmental
 12 agencies, regional water management groups and other regional
 13 resource planning groups, public and private water agencies,
 14 agricultural interest groups, environmental interest groups, public
 15 interest groups, *nonprofit interest groups*, and other interested
 16 parties.

17 (e) The public advisory committee shall provide advice and
 18 comments to the department and the board on project solicitation
 19 and evaluation, including, at a minimum, funding priorities and
 20 criteria for evaluating grant proposals.

21 (f) Based on the advice and comments of the public advisory
 22 committee, the department and the board shall develop project
 23 solicitation and evaluation guidelines. The guidelines may include
 24 a provision that authorizes the department and the board to
 25 consider whether or not a project benefits an economically
 26 disadvantaged community *or a severely economically*
 27 *disadvantaged community* for the purposes of imposing
 28 requirements relating to matching funds. The guidelines shall
 29 include a preference for projects that provide a net environmental
 30 benefit.

31 (g) The department and the board shall inform the Legislature
 32 as to the project solicitation and evaluation guidelines developed
 33 under this section. Funds for awarding grants pursuant to Section
 34 79560 are available for allocation 60 days after the date on which
 35 the department and the board inform the Legislature.

36 (h) Beginning January 1, 2005, the department and the board
 37 shall each inform the Legislature as to the recipient and the amount
 38 of each grant awarded during the previous fiscal year under this
 39 chapter. The information shall include data on the geographic
 40 distribution of grants awarded under this chapter and the intended



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1 public and environmental benefit those grants provide. The
2 information shall also include data on the balance of funds
3 available under this chapter for grants in that current fiscal year
4 and future fiscal years.

5 (i) (1) *It is the intent of the Legislature that the department*
6 *award grants under this chapter on behalf of projects that are*
7 *consistent with an adopted integrated regional water management*
8 *plan that provides regional benefits similar to those provided by*
9 *the implementation of a regional plan prepared in accordance with*
10 *Part 2.2 (commencing with Section 10530) of Division 6.*

11 (2) *For the purposes of paragraph (1), an “integrated regional*
12 *water management plan” is a plan that is adopted by more than*
13 *one jurisdiction and addresses water quality and ecosystem*
14 *restoration needs, and may include components relating to flood*
15 *management, water supply reliability, groundwater recharge and*
16 *management, or any other purpose that is consistent with this*
17 *chapter.*

18 SEC. 18. Section 79564.1 is added to the Water Code, to read:

19 79564.1. (a) Of the funds made available by Section 79560,
20 not less than 40 percent shall be available for projects in northern
21 California and not less than 40 percent be available for projects in
22 southern California to the maximum extent possible, subject to a
23 determination by the administering agency that each project meets
24 all of the requirements of this chapter.

25 (b) For the purposes of this section, “southern California”
26 means the Counties of San Diego, Imperial, Riverside, Orange,
27 Los Angeles, San Bernardino, and Ventura.

28 (c) For the purposes of this section, “northern California”
29 means all California counties except those identified in
30 subdivision (b).

31 SEC. 19. Section 79564.5 is added to the Water Code, to read:

32 79564.5. To be eligible for financing by the department
33 pursuant to Section 79560.1, a project shall be consistent with an
34 adopted integrated regional water management plan as described
35 in subdivision (a) of Section 79564.

36 SEC. 20. Section 79568.5 is added to the Water Code, to read:

37 79568.5. It is the intent of the Legislature in subsequent
38 legislation to allocate fifty million dollars (\$50,000,000) from
39 funds available pursuant to Section 79568 as a minimum state
40 contribution or matching contribution for federal funds or funds



1 obtained from other sources, to assist in the implementation of the
2 preferred alternative or other related restoration activities,
3 including the program referred to in paragraph (3) of subdivision
4 (d) of Section 2081.7 of the Fish and Game Code, at the Salton Sea
5 or the lower Colorado River, or to assist in the development of a
6 natural community conservation plan that is consistent with the
7 initiative and that is implemented to effectuate the Quantification
8 Settlement Agreement.

9 SEC. 21. Section 79571.5 is added to the Water Code, to read:

10 79571.5. Beginning January 1, 2005, each state agency
11 expending funds pursuant to this chapter shall inform the
12 Legislature as to the recipient and the amount of each expenditure
13 or grant made during the previous fiscal year under this chapter.
14 The information shall include data on the geographic distribution
15 of expenditures and grants made under this chapter and the
16 intended public and environmental benefit that those expenditures
17 and grants provide. The information shall also include data on the
18 balance of funds available under this chapter for expenditures and
19 grants in that current fiscal year and future fiscal years.



Proposition 50

SECTION 1. Division 26.5 (commencing with Section 79500) is added to the Water Code, to read:

Division 26.5. WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002

Chapter 1. General Provisions

79500. This division shall be known and may be cited as the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002.

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

(a) Secure and safeguard the integrity of the state's water supply from catastrophic damage or failure from terrorist acts or other deliberate acts of destruction.

(b) Provide a safe, clean, affordable, and sufficient water supply to meet the needs of California residents, farms, and businesses.

(c) Provide adequate financing for balanced implementation of the CALFED Bay-Delta Program to:

(1) Provide good water quality for all beneficial uses.

(2) Improve and increase aquatic and terrestrial habitats and improve ecological functions in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary to support sustainable populations of diverse plant and animal species.

(3) Reduce the mismatch between Bay-Delta water supplies and current and projected beneficial uses dependent on the Bay-Delta system.

(4) Reduce the risk to land uses and associated economic activities, water supply, infrastructure, and ecosystems from catastrophic breaching of Delta levees.

(d) Establish and facilitate integrated regional water management systems and procedures to meet increasing water demands due to significant population growth that is straining local infrastructure and water supplies.

(e) Improve practices within watersheds to improve water quality, reduce pollution, capture additional storm water runoff, protect and manage groundwater better, and increase water use efficiency.

(f) Protect urban communities from drought, increase supplies of clean drinking water, reduce dependence on imported water, reduce pollution of rivers, lakes, streams, and coastal waters, and provide habitat for fish and wildlife.

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

(h) Protect, restore, and acquire beaches and coastal uplands, wetlands, and watershed lands along the coast and in San Francisco Bay to protect the quality of drinking water, to keep beaches and coastal waters safe from water pollution, and to provide the wildlife and plant habitat and riparian and wetlands areas needed to support functioning coastal and San Francisco Bay ecosystems for the benefit of the people of California.

79502. It is the intent of the people in enacting this division that it be administered and executed in the most expeditious manner possible, and that all state, regional and local officials implement this division to the fullest extent of their authority.

79503. It is the intent of the people that water facility projects financed pursuant to this division shall be designed and constructed so as to improve the security and safety of the state's drinking water system.

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

79505. As used in this division, the following terms shall have the following meanings:

(a) "Acquisition" means the acquisition of a fee interest or any other interest, including easements, leases, and development rights.

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

(c) "CALFED" means the consortium of state and federal agencies with management and regulatory responsibilities in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary.

(d) "CALFED Bay-Delta Program" means the undertaking by CALFED to develop and implement, by means of the final programmatic environmental impact statement/environmental impact report, the preferred programs, actions, projects, and related activities that will provide solutions to identified problem areas related to the San Francisco Bay/Sacramento-San Joaquin Delta Estuary ecosystem, including but not limited to the Bay-Delta and its tributary watersheds.

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

(f) "Fund" means the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 created pursuant to Section 79510.

(g) "Nonprofit organization" means any nonprofit corporation formed pursuant to the Nonprofit Public Benefit Corporation Law (Division 2 (commencing with Section 5000) of Title 1 of the Corporations Code) and qualified under Section 501(c)(3) of the United States Internal Revenue Code.

(h) "Secretary" means the Secretary of the Resources Agency.

(i) "Wetlands" means lands that may be covered periodically or permanently with shallow water and include saltwater marshes, freshwater marshes, open or closed brackish water marshes, swamps, mudflats, fens, and vernal pools.

79506. Every proposed activity to be financed pursuant to this division shall be in compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000)) of the Public Resources Code.

79507. Watershed protection activities financed pursuant to this division shall be consistent with the applicable adopted local watershed management plan and the applicable regional water quality control plan adopted by the regional water quality control board.

79508. Watershed protection activities in the San Gabriel and Los Angeles River watersheds shall be consistent with the San Gabriel and Los Angeles River Watershed and Open Space Plan as adopted by the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy and the Santa Monica Mountains Conservancy. Notwithstanding any other provision of law, this plan shall be implemented pursuant to Division 23 (commencing with Section 33000) of the Public Resources Code in the watershed of the Los Angeles River upstream of the northernmost boundary of the City of Vernon and pursuant to Division 22.8 (commencing with Section 32600) of the Public Resources Code in the San Gabriel River and in the lower Los Angeles River watershed.

79509. Except for projects financed pursuant to Chapter 6 (commencing with Section 79545) or Chapter 10 (commencing with Section 79570), to be eligible to be financed pursuant to this division, any project that will wholly or partially assist in the fulfillment of one or more of the goals of the CALFED Bay-Delta Program shall be consistent with the CALFED Programmatic Record of Decision, and shall be implemented, to the maximum extent possible, through local and regional programs.

Chapter 2. The Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002

79510. The Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 is hereby created.

79511. All money deposited in the fund shall be used only for the purposes and in the amounts set forth in this division and for no other purpose.

79512. Except as otherwise expressly provided in this division, upon a finding by the agency authorized to administer or expend money appropriated from the fund that a particular project or program for which money has been allocated or granted cannot be completed, or that the amount that was appropriated, allocated, or granted is in excess of the total amount needed, the Legislature may reappropriate the money for other high priority needs consistent with this division.

Chapter 3. Water Security

79520. The sum of fifty million dollars (\$50,000,000) shall be available for appropriation by the Legislature from the fund for the purpose of protecting state, local, and regional drinking water systems from terrorist attack or deliberate acts of destruction or degradation. This money may be expended or granted 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.

79521. The Legislature may enact such legislation as is necessary to implement this chapter.

Chapter 4. Safe Drinking Water

79530. (a) The sum of four hundred thirty-five million dollars (\$435,000,000) shall be available for appropriation by the Legislature from the fund to the State Department of Health Services for grants and loans for

infrastructure improvements and related actions to meet safe drinking water standards including, but not limited to, the following types of projects:

- (1) Grants to small community drinking water systems to upgrade monitoring, treatment, or distribution infrastructure.
- (2) Grants to finance development and demonstration of new technologies and related facilities for water contaminant removal and treatment.
- (3) Grants for community water quality monitoring facilities and equipment.
- (4) Grants for drinking water source protection.
- (5) Grants for treatment facilities necessary to meet disinfectant by-product safe drinking water standards.
- (6) Loans pursuant to 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).

(b) Not less than sixty percent (60%) of the money appropriated pursuant to this section shall be available for grants to Southern California water agencies to assist in meeting the state's commitment to reduce Colorado River water use to 4.4 million acre feet per year.

79531. The Legislature may enact such legislation as is necessary to implement this chapter.

Chapter 5. Clean Water and Water Quality

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

- (1) Water pollution prevention.
- (2) Water reclamation.
- (3) Water quality improvement.
- (4) Water quality blending and exchange projects.
- (5) Drinking water source protection projects.
- (6) Projects to mitigate pathogen risk from recreational uses at drinking water storage facilities.

(b) Priority shall be given to projects that assist in meeting water quality standards established by the board.

(c) The Legislature may enact such legislation as is necessary to implement this section.

79541. The sum of one hundred million dollars (\$100,000,000) shall be available for appropriation by the Legislature from the fund to the secretary for the acquisition from willing sellers, restoration, protection, and

development of river parkways. The secretary shall allocate this money in accordance with Article 6 (commencing with Section 78682) of Chapter 6 of Division 24 or pursuant to any other statute that provides for the acquisition, restoration, protection, and development of river parkways. Priority shall be given to projects that are implemented pursuant to approved watershed plans and include water quality and watershed protection benefits. This money may also be used to acquire facilities necessary to provide flows to improve water quality downstream.

79542. The sum of forty million dollars (\$40,000,000) shall be available for appropriation by the Legislature from the fund to the California Tahoe Conservancy for acquisition from willing sellers, restoration, and protection of land and water resources to improve water quality in Lake Tahoe.

79543. The sum of one hundred million dollars (\$100,000,000) shall be available for appropriation by the Legislature from the fund to the board for the purpose of financing projects that restore and protect the water quality and environment of coastal waters, estuaries, bays and near-shore waters, and groundwater. All expenditures, grants, and loans made pursuant to this section shall be consistent with the requirements of Article 5 (commencing with Section 79148) of Chapter 7 of Division 26 . Not less than twenty million dollars (\$20,000,000) shall be expended to implement priority actions specified in the Santa Monica Bay Restoration Plan. Money made available pursuant to this section shall supplement, not supplant, money appropriated or available pursuant to that Article 5 (commencing with Section 79148), and no money appropriated pursuant to this section shall be used for a project for which an appropriation was made pursuant to that Article 5 (commencing with Section 79148).

79544. The sum of thirty million dollars (\$30,000,000) shall be available for appropriation by the Legislature from the fund to the secretary for the purpose of grants to local public agencies, local water districts, and nonprofit organizations for acquisition from willing sellers of land and water resources to protect water quality in lakes, reservoirs, rivers, streams and wetlands in the Sierra Nevada-Cascade Mountain Region as defined in Section 5096.347 of the Public Resources Code.

Chapter 6. Contaminant and Salt Removal Technologies.

79545. 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) Desalination of ocean or brackish waters. Not less than fifty million dollars (\$50,000,000) of the money appropriated by this chapter shall be available for desalination projects. To be eligible to receive a grant, at least fifty percent (50%) of the total cost of the project shall be met by matching funds or donated services from non-state sources.

(b) Pilot and demonstration projects for treatment or removal 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.

(c) Drinking water disinfecting projects using ultraviolet technology and ozone treatment.

79546. The Legislature may enact such legislation as is necessary to implement this chapter.

Chapter 7. CALFED Bay-Delta Program

79550. The sum of eight hundred twenty five million dollars (\$825,000,000) shall be available for appropriation by the Legislature from the fund for the balanced implementation of the CALFED Bay-Delta Program. Expenditures and grants pursuant to this chapter shall be limited to the following :

(a) Fifty million dollars (\$50,000,000) for surface water storage planning and feasibility studies.

(b) Seventy-five million dollars (\$75,000,000) for the water conveyance facilities described in subparagraph (B) of paragraph (2) of subdivision (d) of Section 79190.

(c) Seventy million dollars (\$70,000,000) for Delta levee restoration. Money expended pursuant to this subdivision shall be subject to Section 79050.

(d) One hundred eighty million dollars (\$180,000,000) for water supply reliability projects that can be implemented expeditiously and thereby provide near-term benefits, including, but not limited to, projects that facilitate groundwater management and storage, water transfers, and acquisition of water for the CALFED environmental water account. In acquiring water, preference shall be given to long-term water purchase contracts and water rights. Money allocated pursuant to this subdivision shall be subject to Article 4 (commencing with Section 79205.2) of Chapter 9 of Division 26.

(e) One hundred eighty million dollars (\$180,000,000) for ecosystem restoration program implementation of which not less than twenty million dollars (\$20,000,000) shall be allocated for projects that assist farmers in integrating agricultural activities with ecosystem restoration.

(f) Ninety million dollars (\$90,000,000) for watershed program implementation.

(g) One hundred eighty million dollars (\$180,000,000) for urban and agricultural water conservation, recycling, and other water use efficiency projects.

79551. All appropriations pursuant to this chapter shall include money for independent scientific review, monitoring, and assessment of the results or effectiveness of the project or program expenditure.

79552. All projects financed pursuant to this chapter shall be consistent with the CALFED Programmatic Record of Decision including its provisions regarding finance and balanced implementation.

79553. Consistent with the CALFED Programmatic Record of Decision, priority shall be given to projects that achieve multiple benefits across CALFED program elements. Not more than five percent (5%) of the money available pursuant to this chapter may be used for administrative costs.

79554. All real property acquired with money appropriated or granted pursuant to subdivision (e) or (f) of Section 79550 shall be acquired from willing sellers.

Chapter 8. Integrated Regional Water Management

79560. The sum of five hundred million dollars (\$500,000,000) shall be available for appropriation by the Legislature from the fund for competitive grants for projects set forth in this section to protect communities from drought, protect and improve water quality, and improve local water security by reducing dependence on imported water. No project financed pursuant to this section shall include an on-stream surface water storage facility or an off-stream surface water storage facility other than percolation ponds for groundwater recharge in urban areas. No river or stream channel modification project whose construction or operation causes any negative environmental impacts may be financed pursuant to this chapter unless those impacts are fully mitigated.

79561. Money appropriated in Section 79560 shall be available for grants for water management projects that include one or more of the following elements:

- (a) Programs for water supply reliability, water conservation, and water use efficiency.
- (b) Storm water capture, storage, treatment, and management.
- (c) Removal of invasive non-native plants, the creation and enhancement of wetlands, and the acquisition, protection, and restoration of open space and watershed lands.
- (d) Non-point source pollution reduction, management, and monitoring.
- (e) Groundwater recharge and management projects.
- (f) Contaminant 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.

79562. An amount, not to exceed ten percent (10%) of the money available for appropriation in Section 79560, may be appropriated by the Legislature for facilities, equipment, and other expenses associated with the establishment of comprehensive statewide groundwater monitoring pursuant to Part 2.76 (commencing with Section 10780) of Division 6.

79563. At least fifty percent (50%) of the amount available for appropriation in Section 79560 shall be appropriated to the board. The board shall establish procedures for selecting among eligible projects specified in Section 79561 that use the procedures developed by the board for stakeholder-based accelerated selection and contracting pursuant to Section 79104.32 .

79564. To be eligible for financing pursuant to Section 79563, a project shall meet both of the following criteria:

(a) The project is consistent with an adopted integrated water management plan designed to improve regional water supply reliability, water recycling, water conservation, water quality improvement, storm water capture and management, flood management, recreation and access, wetlands enhancement and creation, and environmental and habitat protection and improvement.

(b) The project includes matching funds or donated services from non-state sources.

79565. Notwithstanding Section 13340 of the Government Code, the sum of one hundred forty million (\$140,000,000) is hereby continuously appropriated from the fund to the Wildlife Conservation Board, without regard to fiscal years, for expenditure by the board and for grants, for the acquisition from willing sellers of land and water resources, including the acquisition of conservation easements, to protect regional water quality, protect and enhance fish and wildlife habitat, and to assist local public agencies in improving regional water supply reliability.

Chapter 9. Colorado River

79567. The sum of twenty million dollars (\$20,000,000) shall be available for appropriation by the Legislature from the fund to the department for grants 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 of California.

79568. (a) The sum of fifty million dollars (\$50,000,000) shall be available for appropriation by the Legislature from the fund to the Wildlife Conservation Board for the acquisition, protection, and restoration of land and water resources necessary to meet state obligations for regulatory requirements related to California's allocation of water supplies from the Colorado River. No money allocated pursuant to this section may be used to supplant or pay for the regulatory mitigation obligations of private parties under state or federal law.

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

Chapter 10. Coastal Watershed and Wetland Protection

79570. The sum of two hundred million dollars (\$200,000,000) shall be available for appropriation by the Legislature from the fund for expenditures and grants for the purpose of protecting coastal watersheds, including, but not limited to, acquisition, protection, and restoration of land and water resources and associated planning, permitting, and administrative costs, in accordance with the following schedule:

(a) The sum of one hundred twenty million dollars (\$120,000,000) to the State Coastal Conservancy for coastal watershed protection pursuant to Division 21 (commencing with Section 31000) of the Public Resources Code.

(b) The sum of twenty million dollars (\$20,000,000) to the State Coastal Conservancy for expenditure for the San Francisco Bay Conservancy Program for coastal watershed protection pursuant to Chapter 4.5 (commencing with Section 31160) of Division 21 of the Public Resources Code.

(c) The sum of forty million dollars (\$40,000,000) to the Santa Monica Mountains Conservancy. Twenty million dollars (\$20,000,000) of this sum shall be expended for protection of the Los Angeles River watershed

upstream of the northernmost boundary of the City of Vernon, and twenty million dollars (\$20,000,000) shall be expended for protection of the Santa Monica Bay and Ventura County coastal watersheds, pursuant to Division 23 (commencing with Section 33000) of the Public Resources Code.

(d) The sum of twenty million dollars (\$20,000,000) to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy for protection of the San Gabriel and lower Los Angeles River watersheds pursuant to Division 22.8 (commencing with Section 32600) of the Public Resources Code.

79571. Ten percent (10%) of the money allocated in each of the categories in Section 79570 shall be used for grants for the acquisition and development of facilities to promote public access to and participation in the conservation of land, water, and wildlife resources. Eligible projects include, but are not limited to, the following:

(a) Training and research facilities for watershed protection and water conservation activities conducted by nonprofit organizations. Priority shall be given to projects operated by nonprofit organizations in collaboration with the University of California and public water agencies.

(b) Nature centers that are in or adjacent to watersheds and wetlands identified for protection pursuant to this chapter, that provide wildlife viewing, outdoor experiences, and conservation education programs to the public and to students. Priority shall be given to projects that are operated by or in cooperation with nonprofit organizations and are designed to serve children from urban areas that lack access to natural areas and outdoor education programs.

79572. (a) Notwithstanding Section 13340 of the Government Code, the sum of seven hundred fifty million dollars (\$750,000,000) 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. Money appropriated pursuant to this section shall be for the acquisition, protection, and restoration of lands in or adjacent to urban areas. Eligible projects shall be limited to the following:

(1) Acquisition, protection, and restoration of coastal wetlands identified in the Southern California Coastal Wetlands Inventory as of January 1, 2001, published by the State Coastal Conservancy, located within the coastal zone, and other wetlands connected and proximate to such coastal wetlands, and upland areas adjacent and proximate to such coastal wetlands, or coastal wetlands identified for acquisition, protection, and restoration in the San Francisco Baylands Ecosystem Habitat Goals Report, and upland areas adjacent to the identified wetlands.

(2) Acquisition, protection, and restoration of coastal watershed and adjacent lands located in Los Angeles, Ventura, and Santa Barbara Counties. Any project financed pursuant to this paragraph within the Santa Monica Mountains Zone, as defined in Section 33105 of the Public Resources Code, shall be by grant from the Wildlife Conservation Board to the Santa Monica Mountains Conservancy. Any project financed pursuant to this paragraph within the Baldwin Hills area, as defined in Section 32553 of the Public Resources Code, shall be by grant from the Wildlife Conservation Board to the Baldwin Hills Conservancy.

(b) Not less than three hundred million dollars (\$300,000,000) of the amount appropriated in this section shall be expended or granted 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 two hundred million dollars (\$200,000,000) of the amount appropriated in this section may be expended or granted for projects in the San Francisco Bay area, as described in Section 31162 of the Public Resources Code. Any project within the San Francisco Bay area may be by grant from the Wildlife Conservation Board to the State Coastal Conservancy.

79573. (a) The purchase price for each acquisition made pursuant to this Section 79572 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 11. Fiscal Provisions

79580. Bonds in the total amount of three billion four hundred forty million dollars (\$3,440,000,000), not including the amount of any refunding bonds issued in accordance with Section 79588, or so much thereof as is necessary, may be issued and sold to be used for carrying out the purposes set forth 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 bond proceeds shall be deposited in the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 created by Section 79510. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of and interest on the bonds as they become due and payable.

79581. 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), and all provisions of that law shall apply to the bonds and to this division and are hereby incorporated in this division by this reference as though fully set forth in this division.

79582. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 Finance Committee is hereby created. For purposes of this division, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 Finance Committee is "the committee" as that term is used by the State General Obligation Bond Law. The committee shall consist of the Controller, the Director of Finance, and the Treasurer, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of this chapter and the State General Obligation Bond Law, the secretary is designated as "the board."

79583. 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.

79584. There shall be collected annually 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 maturing each year, and it is the duty of all officers charged by law with any duty in

regard to the collection of the revenue to do so and perform each and every act that is necessary to collect that additional sum.

79585. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund, for 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 which is necessary to carry out the provisions of Section 79586, appropriated without regard to fiscal years.

79586. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized to be sold for the purpose of carrying out this division. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds that would otherwise be deposited in that fund.

79587. All money derived from premium and accrued interest on bonds sold shall be reserved and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

79588. Any bonds issued or sold pursuant to this division may be refunded by the issuance of refunding bonds 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. Approval by the electors of the state for the issuance of the bonds shall include approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

79589. The people of California hereby find and declare 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 limitation imposed by that article.

SEC. 2. If any provision of this act or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.