

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

February 14, 2006 Board Meeting

8-7

Subject

Adopt position on water management/flood control component of Governor's Strategic Growth Plan

Description

Background: Levees, flood management and public infrastructure – including water infrastructure – are high-profile issues in the State Capitol, as reflected by the new and revived proposals for planning and funding for these purposes. The Governor’s “Strategic Growth Plan,” a 10-year, \$222-billion plan for transportation, state prisons, schools, water and other public infrastructure is one of the proposals under consideration. Under the plan, \$68 billion would come from state general obligation bonds, with other funds coming from federal, local and private sources.

Overall, the 10-year plan proposes total state, federal and local investments of \$6 billion for levee system and flood protection and \$29 billion for “integrated water management.” Several bills have been introduced to advance the Administration proposals and reforms, including SB 1166 by Senator Sam Aanestad (R-Grass Valley) and Senator Mike Machado (D-Linden) (**Attachment 1**) and AB 1839 by Assemblyman John Laird (D-Santa Cruz). The two measures are currently identical in content and represent the Governor’s bond-related proposals for flood control and water management along with his proposal for a sustainable revenue stream for water infrastructure.

Other bond proposals include SB 1024 by Senate President pro Tempore Don Perata (D-Hayward); AB 1783 by Assembly Speaker Fabian Nunez (D-Los Angeles); SB 153 by Senator Wes Chesbro (D-Arcata); and ACA 27 by Assembly Minority Leader Kevin McCarthy (R-Bakersfield) which proposes to devote a portion of the General Fund to infrastructure – including surface storage – rather than increasing the state’s bonded indebtedness.

Given the time frame for legislative conference committee deliberations on the proposals – the deadline for placing a bond on the June 2006 ballot is March 10 – Metropolitan should provide input on this process as soon as possible.

The following overview below briefly summarizes the three key components of the Governor’s proposal that are of primary interest to Metropolitan and its member agencies. **Attachment 2** is an overview from the Department of Water Resources (DWR) which outlines the elements of the Governor’s proposal.

Outline of Water-and Flood-Related Components of Governor’s Infrastructure Plan

I. Water Resources Investment Act (WRIA)

The Governor’s proposal currently includes the “Water Resources Investment Act.” This Act would:

- Create a new “water resources capacity charge” imposed on every retail water supplier in the state, based on the actual number and types of water connections in the supplier’s service area. Specifically, the charge would be collected from suppliers based on the following rates: \$0 per month for each “lifeline” connection; \$3 per month for each single-family residence water connection; \$5 per month for each commercial water connection; \$10 per month for each industrial site water connection; \$3 per month for each agricultural water connection that serves an area less than nine acres; \$6 per month for each agricultural water connection that serves an area encompassing nine to 180 acres; and \$10 per month for each agricultural water connection that serves an area greater than 180 acres.

- Allocate funds raised through the capacity charge as follows:
 - 50 percent to “Regional Investment Accounts:” The proposal divides the state into 11 regions, as defined by the 11 hydrologic basins outlined in the California Water Plan. Each regional investment account would receive a base allocation of \$35 million and then additional revenues would be allocated on a pro rata basis reflecting the amount of capacity charge revenue collected in each region. Projects funded from a regional account are to be consistent with an integrated regional water management plan that meets the requirements of regulations to be adopted by DWR.
 - 50 percent to the “State Investment Account:” Monies in this account are to be expended upon appropriation by the Legislature, based on a very broad set of priorities, such as “support for priority regional projects” and “water infrastructure of statewide significance.”

The Schwarzenegger Administration estimates the fee would initially raise about \$380 million annually and, on average, about \$500 million annually over the 10-year term of the Strategic Growth Plan.

Proponents of the package argue that the WRIA will: (1) provide sustainable water infrastructure funding; (2) optimize regional planning; (3) maximize efficiency; and (4) create less reliance on general fund dollars and bond revenues.

However, many concerns have surfaced regarding the proposed capacity charge and the proposed uses for the fund, including but not limited to:

- Potential conflicts with Proposition 218 and the possibility that retailers would be required to pay capacity charges, but would not be allowed to raise rates unless approved by ratepayers.
- Inconsistency with the “beneficiary pays” principle and the likelihood that the capacity charge is a tax, not a fee.
- Urban and residential customers would heavily subsidize agricultural, commercial and industrial users.
- Flat rates do not send conservation “price signals” linked to consumption.
- Much of the “integrated regional planning” to be funded by capacity charges is already being conducted effectively and efficiently throughout Southern California. The state should not collect funds and then force suppliers to compete for grants for purposes that are occurring at the regional and local level.
- The impact of the capacity change on water rate payers in Metropolitan’s service area is equivalent to an increase of about \$75-80 per acre-foot, and has the potential to crowd out rate increases necessary to fund local infrastructure.

Given the complexity of these issues, staff recommends that Metropolitan oppose the WRIA/capacity charge as reflected in the introduced version of SB 1166 and AB 1839. While the concept of ongoing funding for water-related infrastructure purposes may be laudable, there is insufficient time to consider and develop substantial changes to the proposal or to develop a fair and feasible alternative. Therefore, staff recommends that Metropolitan urge the Administration to segregate the WRIA component of the Governor’s package from the bond component and engage in a collaborative process with water agencies and other stakeholders to discuss potential ongoing funding to support water-related infrastructure purposes and to identify the most effective and appropriate ways for funding to be allocated.

Should the Legislature and Administration desire to explore an alternative fee proposal, Metropolitan staff will continue to work with its member agencies to engage in discussions to explore a fair and equitable alternative for consideration by the Board.

II. Water Bond Infrastructure Funding – Proposed for 2006 and 2010 Ballots

The Governor's proposal would provide the following general obligation bond monies for water management:

| Water Management: | 2006 | 2010 |
|---|---------------------|----------------------|
| Integrated regional water management grants to 11 regions | \$1 billion | \$2 billion |
| Water quality improvements | \$250 million | \$500 million |
| State support for development of new water storage | \$250 million | \$1 billion |
| Science and technology for water resources/quality | \$300 million | \$500 million |
| Resource stewardship and ecosystem restoration | \$200 million | \$500 million |
| Total | \$ 2 billion | \$4.5 billion |

While staff recommends supporting the inclusion of substantial monies for water management purposes, potential issues and questions pertaining to this allocation of bond monies include:

- Given that the Governor's infrastructure plan is designed to utilize the state's bond capacity for many years to come – and given that alternative water bonds may be unlikely or successful – is the proposed allocation of bond monies for water management purposes the best plan? Is it premature to assume what funding priorities may be in 2010?
- Nearly half of the proposed monies would be distributed via the integrated regional water management program, but feedback and experience on the Proposition 50 integrated regional water management grant program has been mixed. Is there a more efficient and equitable means of allocating some or all of these monies?

Metropolitan staff recommends general support for the level of proposed monies for water management, but will continue to evaluate the right mix of funding priorities and allocation. If changes to funding allocations or funding mechanisms would benefit Metropolitan and its member agencies – or if technical amendments are necessary – Metropolitan will work with the member agencies to advocate for modifications as appropriate and consistent with relevant board-adopted policy principles.

III. Flood Management/Levee Funding

The Governor's proposal would provide the following bond monies for flood control:

| Flood Control | 2006 | 2010 |
|---|--------------------|----------------------|
| Repair of state-federal project levees and facilities | \$210 million | \$300 million |
| Flood control and levee system improvements | \$200 million | \$200 million |
| Delta levee subventions and Special Projects | \$210 million | \$700 million |
| State share of locally sponsored, federally authorized flood control projects (Flood Control Subventions Program) | \$250 million | \$200 million |
| Floodplain mapping | \$90 million | ----- |
| Floodway Corridor Program within the Central Valley flood control system | \$40 million | \$100 million |
| Total | \$1 billion | \$1.5 billion |

Given the monies that would be available to: (1) strengthen Delta levees and related flood control facilities, including those that protect State Water Project facilities; (2) prepare improved floodplain mapping; and (3) plan for emergency preparedness – staff recommends support for the proposed funding priorities.

However, staff notes that floodway corridor funding in Proposition 13 provided monies statewide, while this proposal focuses on the Central Valley. Some Metropolitan member agencies and subagencies may oppose this limitation.

Overall, Metropolitan staff will continue to review and analyze the flood-related language as it is proposed and modified in order to assess consistency with relevant board-adopted policy principles (including those recommended in Board Letter 8-6, February 2006). In particular, Metropolitan will advocate that monies

expended for Delta purposes be used in a manner that allows for consistency with long-term Delta planning and policy development.

Policy

Policy Principle on Statewide Water Infrastructure Financing (M.I. 45390, June 2003)

Policy Principle on CALFED Finance and Cost Allocation (M.I. 45753, May 2004)

California Environmental Quality Act (CEQA)

CEQA determination for Options #1, #2, and #3:

The proposed action is not defined as a project under CEQA because it 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 is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Oppose unless amended, the Water Resources Investment Act component of the Governor's Strategic Growth Plan, as currently structured; and
- b. Support in concept the flood control and water management bond proposals for 2006 and 2010 as outlined in the Governor's Strategic Growth Plan.

Fiscal Impact: None

Option #2

Adopt the CEQA determination and

- a. Oppose unless amended, the Water Resources Investment Act component of the Governor's Strategic Growth Plan, as currently structured;
- b. Support in concept the flood control and water management bond proposal for 2006 as outlined in the Governor's Strategic Growth Plan; and
- c. Take no position on the flood control and water management bond proposal for 2010 as outlined in the Governor's Strategic Growth Plan.

Fiscal Impact: None

Option #3

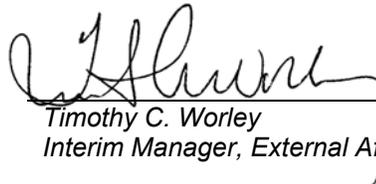
Adopt the CEQA determination and

- a. Oppose unless amended, the Water Resources Investment Act component of the Governor's Strategic Growth Plan, as currently structured; and
- b. Take no position on the flood control and water management bond proposal for 2006 and 2010 as outlined in the Governor's Strategic Growth Plan.

Fiscal Impact: None

Staff Recommendation

Option #1



Timothy C. Worley
Interim Manager, External Affairs

2/9/2006
Date



for

Brian G. Thomas
Debra C. Man
Interim CEO/General Manager

2/9/2006
Date

Attachment 1 – SB 1166

Attachment 2 – Strategic Growth Plan Summary

BLA #4336

**Introduced by Senator Aanestad
(Coauthor: Senator Machado)**

January 10, 2006

An act to add Division 32 (commencing with Section 82000) and Division 33 (commencing with Section 83000) to the Water Code, relating to financing a flood protection and water management 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, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1166, as introduced, Aanestad. Water: Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010.

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

This bill would enact the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010. The Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Act of 2006 would, if approved by the voters, authorize the issuance and sale of bonds in the amount of \$3,000,000,000 for the purposes of financing specified flood protection and water management programs, as scheduled. The Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Act of 2010 would, if approved by the voters, authorize the issuance and sale of bonds in the amount of \$6,000,000,000 for the purposes of financing specified flood protection and water management programs, as scheduled.

As a part of the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Act of 2006, the bill would enact the California Water Resources Investment Act of 2006 to finance a water resources investment program. To finance the program, the bill would impose an annual water resources capacity charge on each retail water supplier in the state based on the number and types of water connections in its service area according to a prescribed schedule. The bill would require the State Board of Equalization to collect the charge in accordance with the Fee Collection Procedures Law.

The bill would require the funds generated by the imposition of the capacity charge to be deposited in the California Water Resources Investment Fund, which the bill would establish in the State Treasury. The bill would establish within the investment fund 13 accounts: the General Account, the State Investment Account, and 11 regional investment accounts. The bill would authorize the Department of Water Resources to expend moneys from the investment fund for a wide range of water projects, including specified statewide and regional water management projects that would be financed in part by bond funds made available under the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010.

The bill would require the Secretary of State to submit the respective bond acts to the voters at unspecified statewide elections.

The bill, upon voter approval of the Flood Protection and Clean, Safe, Reliable Water Supply Bond Act and Financing of 2006, would appropriate an unspecified amount from the General Fund for deposit into the California Water Resources Investment fund for allocation as loans to the California Water Commission and the State Board of Equalization to defray the initial administrative expenses of these agencies under the water resources investment program.

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

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

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

- 1 SECTION 1. Division 32 (commencing with Section 82000)
- 2 is added to the Water Code, to read:

1 DIVISION 32. FLOOD PROTECTION AND CLEAN,
2 SAFE, RELIABLE WATER SUPPLY BOND AND
3 FINANCING ACT OF 2006
4

5 CHAPTER 1. SHORT TITLE
6

7 82000. This division shall be known and may be cited as the
8 Flood Protection and Clean, Safe, Reliable Water Supply Bond
9 and Financing Act of 2006.
10

11 CHAPTER 2. FINDINGS
12

13 82001. The Legislature finds and declares all of the following
14 regarding flood protection and integrated regional water
15 management.

16 (a) Regarding flood protection, the Legislature finds and
17 declares all of the following:

18 (1) The state has a compelling interest in ensuring the
19 reliability of its flood control systems to protect lives and
20 property, and to protect statewide economic interests dependent
21 on water exported through the Sacramento-San Joaquin Delta.

22 (2) There is an increasing need for the maintenance and
23 improvement of flood protection projects in the central valley to
24 lessen the risk of flooding in light of the growth of the population
25 and the aging of the existing flood control system.

26 (3) Maintenance and upgrades of critical flood management
27 infrastructure must be expedited.

28 (4) Urban areas and areas that are becoming urbanized that are
29 protected against flooding by levees face high potential risks for
30 loss of life and property damage during future floods. These
31 areas should be given high priority in funding flood protection
32 projects and these areas should seek high levels of flood
33 protection with a minimum goal of protecting against a flood
34 with a 1-in-200 annual chance of occurrence.

35 (5) The state has a strong interest in funding construction of
36 federal flood control projects throughout the state by reimbursing
37 to local agencies acting as nonfederal project sponsors and that,
38 without this state funding, important projects will be delayed, the
39 public will unnecessarily remain at risk of suffering flood

1 damages and federal flood control investments in the state may
2 not occur.

3 (6) The federal government has traditionally been a major
4 partner in any significant flood control project in the state, and
5 the federal government has an obligation and duty to continue its
6 lead role in providing flood protection to the citizens of the state.

7 (7) Local beneficiaries should equitably share in the cost of
8 repairs and improvements to flood management projects,
9 recognizing constraints on ability to pay may result in different
10 expectations of contributions from different communities.

11 (8) The state needs to have an effective flood preparedness and
12 emergency response program.

13 (9) Accurate floodplain maps provide flood risk information
14 that is essential for wise use of floodplains, administration of
15 insurance programs, land use decisions, emergency planning and
16 response, and education of floodplain residents and businesses.

17 (10) Ecosystem restoration of riparian habitat along Central
18 Valley streams provides both environmental benefits and direct
19 flood benefits, and can also provide advance mitigation for flood
20 control activities and projects.

21 (11) Improvements to the State Plan of Flood Control shall
22 include traditional levee and channel repairs and upgrades and, if
23 feasible, shall also include nontraditional approaches to flood
24 management to preserve and enhance environmental resources
25 and fluvial functions, including the use of setback levees, bypass
26 channels, acquisition of flood easements, and biotechnical
27 stabilization for sites subject to erosion.

28 (b) Regarding integrated regional water management, the
29 Legislature finds and declares all of the following:

30 (1) California must make substantial investments to provide
31 clean, safe, and reliable water for a growing population and meet
32 future water management needs.

33 (2) It is in the interests of all Californians to provide a safe,
34 clean, affordable, and sufficient water supply to meet the needs
35 of residents, farms, businesses, and the environment.

36 (3) Sustainable economic development requires that water
37 resources planning be integrated with other natural resources
38 management.

1 (4) Local agencies and governments can realize efficiencies by
2 coordinating and integrating their assets and seeking mutual
3 solutions to water management issues.

4 (5) The reliability of water supplies can be significantly
5 improved by diversifying water portfolios, taking advantage of
6 local and regional opportunities, and considering a broad variety
7 of water management strategies as described in the California
8 Water Plan.

9 (6) The implementation of this act will assist each region of
10 the state to improve water supply reliability, water quality, and
11 environmental stewardship to meet current and future needs.

12
13 CHAPTER 3. DEFINITIONS

14
15 82002. Unless the context otherwise requires, the definitions
16 set forth in this chapter govern the construction of this division.

17 (a) “Board” means the Reclamation Board.

18 (b) “Committee” means the Flood Protection and Clean, Safe,
19 Reliable Water Supply Finance Committee, created by Section
20 82010.

21 (c) “Department” means the Department of Water Resources.

22 (d) “Director” means the Director of Water Resources.

23 (e) “Fund” means the Flood Protection and Clean, Safe,
24 Reliable Water Supply Bond Fund of 2006, created by Section
25 82020.

26 (f) “State General Obligation Bond Law” means the State
27 General Obligation Bond Law (Chapter 4 (commencing with
28 Section 16720) of Part 3 of Division 4 of Title 2 of the
29 Government Code).

30
31 CHAPTER 4. GENERAL PROVISIONS

32
33 82010. (a) Solely for the purpose of authorizing the issuance
34 and sale, pursuant to the State General Obligation Bond Law, of
35 the bonds authorized by this division, the Flood Protection and
36 Clean, Safe, Reliable Water Supply Finance Committee is hereby
37 created. For purposes of this division, the Flood Protection and
38 Clean, Safe, Reliable Water Supply Finance Committee is the
39 “committee” as that term is used in the State General Obligation
40 Bond Law.

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

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

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

11 82010.5. The committee shall determine whether or not it is
12 necessary or desirable to issue bonds authorized pursuant to this
13 division in order to carry out the actions specified in this division
14 and, if so, the amount of bonds to be issued and sold. Successive
15 issues of bonds may be authorized and sold to carry out those
16 actions progressively, and it is not necessary that all of the bonds
17 authorized to be issued be sold at any one time.

18 82011. “Board,” as defined in Section 16722 of the
19 Government Code for the purposes of compliance with the State
20 General Obligation Bond Law, means the department.

21 82013. (a) The department or the board may adopt
22 regulations as necessary to implement this division or any part
23 thereof.

24 (b) The department or the board may adopt regulations as
25 necessary to implement this division or any part thereof as
26 emergency regulations in accordance with Chapter 3.5
27 (commencing with Section 11340) of Part 1 of Division 3 of Title
28 2. The adoption of the regulations shall be deemed to be an
29 emergency and necessary for the immediate preservation of the
30 public peace, health and safety, or general welfare.
31 Notwithstanding subdivision (e) of Section 11346.1 of the
32 Government Code, the regulations shall not remain in effect for
33 more than two years unless the department complies with all
34 provisions of that Chapter 3.5 as required by subdivision (e) of
35 Section 11346.1 of the Government Code.

36 82014. It is the intention of the people that the investment of
37 public funds pursuant to this division should result in public
38 benefits.

39 82015. It is the intention of the people that any public funds
40 made available by this division to investor-owned utilities

1 regulated by Public Utilities Commission will be for the benefit
2 of the ratepayers and not the investors pursuant to oversight by
3 the Public Utilities Commission.

4
5 CHAPTER 5. FLOOD PROTECTION AND CLEAN, SAFE, RELIABLE
6 WATER SUPPLY BOND FUND OF 2006
7

8 82020. The proceeds of bonds issued and sold pursuant to this
9 division shall be deposited in the Flood Protection and Clean,
10 Safe, Reliable Water Supply Bond Fund of 2006, which is hereby
11 created.

12
13 CHAPTER 6. FLOOD PROTECTION PROGRAM
14

15 Article 1. Definitions
16

17 82030. Unless the context otherwise requires, the definitions
18 set forth in this section govern the construction of this chapter:

19 (a) "Delta" means the area of the Sacramento-San Joaquin
20 Delta as defined in Section 12220.

21 (b) "Facilities of the State Plan of Flood Control" means the
22 levees, weirs, channels, and other features of the federal and state
23 authorized flood control facilities located in the Sacramento and
24 San Joaquin Rivers drainage basin for which the board or the
25 department has given the nonfederal assurances to the United
26 States required for the project, and those facilities identified in
27 Section 8361.

28 (c) "Project levees" means the levees that are part of the
29 facilities of the State Plan of Flood Control.

30 (d) "Rural areas" means all areas within the jurisdiction of the
31 board that are not defined as "urban areas."

32 (e) "State Plan of Flood Control" means the state and federal
33 flood control works, lands, programs, plans, conditions, and
34 mode of maintenance and operations of the Sacramento River
35 Flood Control Project described in Section 8350, and of flood
36 control projects in the Sacramento River and San Joaquin River
37 watersheds authorized pursuant to Article 2 (commencing with
38 Section 12648) of Chapter 2 of Part 6 of Division 6 for which the
39 board or the department has provided the nonfederal assurances
40 to the United States, which shall be updated by the department

1 and compiled into one document entitled “The State Plan of
2 Flood Control.”

3 (f) “Urban areas” means any contiguous area in which more
4 than 10,000 residents are protected by project levees.

5

6 Article 2. Flood Protection Account

7

8 82035. For the purposes of this chapter, “account” means the
9 Flood Protection Account created by Section 82036.

10 82036. The Flood Protection Account is hereby created in the
11 fund. The sum of one billion dollars (\$1,000,000,000) is hereby
12 transferred from the fund to the account for grants and
13 expenditures to implement this chapter.

14

15 Article 3. Project Levee and Facilities Repairs

16

17 82038. (a) There is hereby created in the account the Project
18 Levee and Facilities Repairs Subaccount.

19 (b) The sum of two hundred ten million dollars
20 (\$210,000,000) is hereby transferred from the account to the
21 Project Levee and Facilities Repairs Subaccount for the purposes
22 of implementing this article.

23 82039. (a) The department shall use available information to
24 prepare a report on the status of the state flood control system not
25 later than December 31, 2008. The report shall include both of
26 the following:

27 (1) A description and the location of all facilities of the State
28 Plan of Flood Control, including, but not necessarily limited to,
29 levees, canals, weirs, bypasses, and pumps, that comprise the
30 State Plan of Flood Control.

31 (2) An evaluation of the performance and deficiencies of
32 project levees and other facilities of the State Plan of Flood
33 Control.

34 (b) The board shall review and provide comments to the
35 department before the report is completed.

36 82040. The department shall utilize information collected in
37 the report on the status of the state flood control system to
38 determine the need for levee repairs and other needed
39 improvements to facilities of the state plan of flood control. The
40 department shall prioritize needs identified in the report, and

1 shall submit this information to the board for its review and
2 comment.

3 82041. The funds in the Project Levee and Facilities Repairs
4 Subaccount, upon appropriation by the Legislature to the
5 department, may be expended by the board or the department for
6 evaluating and repairing facilities of the State Plan of Flood
7 Control, including, but not necessarily limited to, any of the
8 following actions:

9 (a) Repairing erosion and removing sediment from channels or
10 bypasses where that work is either the responsibility of the state
11 or local maintaining agencies.

12 (b) Evaluating and repairing of levees and any other facilities
13 of the State Plan of Flood Control.

14 (c) Implementing mitigation measures for any project
15 undertaken pursuant to this section.

16 (d) Completing the flood control system status report pursuant
17 to Section 82039.

18 82042. (a) The Legislature directs that certain projects be
19 given priority as “early action” items, and that work on those
20 projects commence as soon as is practical.

21 (b) The funds transferred pursuant to subdivision (b) of
22 Section 82038 shall be allocated as follows:

23 (1) Not more than fifteen million dollars (\$15,000,000) may
24 be expended by the department for sediment removal in channels
25 and bypasses of the Sacramento River and tributaries where
26 needed to restore design flow capacity.

27 (2) Not more than twenty-five million dollars (\$25,000,000)
28 may be expended by the department or the board for repair,
29 replacement, and improvement of weirs, gate structures,
30 maintenance facilities, and pumping plants maintained by the
31 department.

32 (3) Not more than fifty million dollars (\$50,000,000) may be
33 expended by the department or the board for repair of channel
34 bank and levee erosion sites, including by use of setback levees.

35 (4) Not more than fifty million dollars (\$50,000,000) may be
36 expended by the department or the board for levee evaluations,
37 including soils and geologic explorations, drilling, sampling,
38 testing, and engineering analyses sufficient for identifying levee
39 deficiencies and designing repairs in accordance with the
40 standards of the United States Army Corps of Engineers.

1 (5) Not more than twenty million dollars (\$20,000,000) may
2 be expended by the department or the board to develop
3 mitigation banks for maintenance and repair activities.

4 82043. (a) The funds in the subaccount, upon appropriation
5 by the Legislature, may be expended by the board or the
6 department for any project authorized by this article without the
7 availability of federal cost sharing funds pursuant to a
8 determination by the department that the project is urgently
9 needed to protect public safety and property.

10 (b) The funds in the subaccount may be expended by the board
11 or the department, upon appropriation therefor, to advance cost
12 shared funds to the federal government.

13 (c) The Legislature, having found that maintenance and
14 upgrades of critical flood management infrastructure should be
15 expedited, authorizes the department or the board, upon
16 appropriation therefor, to expend funds in the subaccount for
17 advance work by the department, the board, or local agencies
18 under Section 104 of the federal Water Resources Development
19 Act of 1986 (33 U.S.C. Sec. 2214), Section 215 of the federal
20 Water Resources Development Act of 1968 (42 U.S.C. Sec.
21 1962d-5a), or similar federal authority, and for any feasibility
22 studies or documents needed to secure federal authorization and
23 reimbursement or crediting for eligible costs and to undertake
24 flood control system improvements that the department or the
25 board have determined require immediate attention.

26 82044. (a) Erosion repairs funded by this subaccount along
27 levees identified in Section 8361 may be cost shared with the
28 federal government, or performed by the department without cost
29 sharing subject to a determination made by the department in
30 accordance with subdivision (a) of Section 82043.

31 (b) All erosion repairs funded by the subaccount that are cost
32 shared with the federal government shall not require a local cost
33 share, upon a finding by the department that a local cost share is
34 not in the public interest. Otherwise, the local cost share shall be
35 as specified in subdivision (c).

36 (c) All erosion repairs funded by the subaccount that are not
37 for levees identified in Section 8361, and that are not cost shared
38 with the federal government, shall be cost shared with local
39 agencies. For these repairs, the department may perform the work
40 or grant reimbursement to local agencies for their costs of

1 performing the work. For the purposes of this section, a state
2 maintenance area formed pursuant to Section 12878 shall be
3 treated as a local agency. Cost sharing requirements with local
4 agencies for erosion repairs shall be as follows:

5 (1) The department shall determine for each erosion repair site
6 whether the erosion threatens a levee that protects an urban area
7 or a rural area. Areas that are identified as urban areas shall pay
8 30 percent of the total cost, and areas that are identified as rural
9 areas shall pay 15 percent of the total cost.

10 (2) Costs for establishing and maintaining any mitigation bank
11 used to mitigate environmental impacts of erosion repairs shall
12 be shared in accordance with the criteria described in paragraph
13 (1).

14 (3) Eligible costs for sharing with local beneficiaries shall
15 include the costs of design, environmental compliance and
16 permitting, construction, construction contract administration,
17 environmental mitigation, and monitoring for up to three years
18 after completion of construction work, as determined by the
19 department.

20 (d) For any erosion repair work, the local agency responsible
21 for operating and maintaining the levee at or adjacent to the
22 erosion repair work shall indemnify and hold the state harmless
23 from any and all liability for damages associated with the work.
24 Upon completion of the work, the local maintaining agency shall
25 be responsible for maintenance of the work in perpetuity in
26 accordance with standards established by the United States Army
27 Corps of Engineers or the board.

28 82045. (a) Local agency cost sharing for levee evaluations
29 and repairs funded from this subaccount is not required. Repairs
30 needed to address poor levee maintenance or erosion of the
31 channel bank or levee surface are not eligible for funding under
32 this section. The department may perform levee repairs or grant
33 reimbursement to local agencies performing the levee repairs.

34 (b) For any levee repair work, the local agency responsible for
35 operating and maintaining the levee at or adjacent to the levee
36 repair work shall indemnify and hold the state harmless from any
37 and all liability for damages associated with the work. Upon
38 completion of the work, the local maintaining agency shall be
39 responsible for maintenance of the work in perpetuity in

1 accordance with standards established by the United States Army
2 Corps of Engineers or the board.

3 (c) The economic benefits of the levee repairs shall be
4 evaluated by the department according to standard methods.
5 Levee repairs for which the costs exceed the benefits shall be
6 given low priority. However, the department and the board may
7 purchase flowage easements in areas assigned low priority for
8 repair.

9 82046. (a) Sediment removal on all channels of the State
10 Plan of Flood Control other than the Sacramento River and
11 tributaries may be reimbursed from the subaccount on a cost
12 shared basis. The local share shall not be less than 30 percent.

13 (b) Eligible costs for sharing with local beneficiaries shall
14 include the costs of design, environmental compliance and
15 permitting, construction, construction contract administration,
16 environmental mitigation and monitoring for up to three years
17 after completion of construction work, as determined by the
18 department.

19

20 Article 4. Flood Control System Improvements

21

22 82050. (a) There is hereby created in the account the Flood
23 Control System Improvements Subaccount.

24 (b) The sum of two hundred million dollars (\$200,000,000) is
25 hereby transferred from the account to the Flood Control System
26 Improvements Subaccount for the purposes of implementing this
27 article.

28 82051. (a) The funds in the Flood Control System
29 Improvements Subaccount, upon appropriation by the
30 Legislature, shall be expended for improving or adding facilities
31 to the State Plan of Flood Control to provide high levels of flood
32 protection for urban areas and for related habitat restoration, and
33 prioritized needs established in association with the flood control
34 system status report.

35 (b) The funds in the subaccount are available, upon
36 appropriation therefor, for state financial participation in federal
37 and state authorized flood control and ecosystem restoration
38 projects, and feasibility studies and design of federal flood
39 damage reduction and related ecosystem restoration projects. The
40 funds in the subaccount may be expended by the board or the

1 department, upon appropriation therefor, to advance cost shared
2 funds to the federal government.

3 (c) The Legislature, having found that maintenance and
4 upgrades of critical flood management infrastructure should be
5 expedited, authorizes the department or the board, to expend
6 funds in the subaccount, upon appropriation therefor, for any of
7 the following purposes:

8 (1) For advance work under Section 104 of the federal Water
9 Resources Development Act of 1986 (33 U.S.C. Sec. 2214),
10 Section 215 of the federal Water Resources Development Act of
11 1968 (42 U.S.C. Sec. 1962d-5a), or any other similar federal
12 authority, and for any feasibility studies or documents needed to
13 secure federal authorization and reimbursement or credit for
14 eligible costs.

15 (2) To undertake flood control system improvements that the
16 department or the board has determined require immediate
17 attention.

18 82052. Prior to construction, the local agency and each city
19 and county receiving flood protection from the project shall
20 indemnify and hold the state harmless from any and all liability
21 for damages associated with the work. Upon completion of the
22 work, the local maintaining agency shall be responsible for
23 maintenance of the work in perpetuity in accordance with
24 standards established by the United States Army Corps of
25 Engineers or the board.

26 82053. (a) The projects identified in this section shall be
27 funded from the subaccount in the following amounts:

28 (1) A minimum of seventy million dollars (\$70,000,000) for
29 state financial participation in authorized flood control
30 improvements to Folsom Dam and for the authorized state cost
31 share of a new bridge downstream from the dam.

32 (2) A minimum of twenty-five million dollars (\$25,000,000)
33 for state financial participation in the American River Common
34 Features Project.

35 (3) A minimum of ten million dollars (\$10,000,000) for state
36 financial participation in the South Sacramento County Streams
37 Project.

38 (4) A minimum of ten million dollars (\$10,000,000) for state
39 financial participation in the Enhanced Flood Response and
40 Emergency Preparedness Project that will enhance flood

1 emergency response by using an improved hydraulic data
2 network in the central valley.

3 (b) Any unexpended or uncommitted funds for these four
4 projects that remain after December 31, 2011, shall be eligible
5 for other uses under this article upon appropriation by the
6 Legislature.

7 82054. (a) The state's cost share for funds provided from the
8 subaccount shall be fully cost shared with local agencies at the
9 time each invoice is due in accordance with the cost sharing
10 requirements of Sections 12585.5 and 12585.7, whichever
11 applies. The local cost share for any ecosystem restoration work
12 associated with these projects shall be not less than 30 percent of
13 the nonfederal share of the ecosystem restoration portion of the
14 project. If the board has levied and collected assessments after
15 January 1, 2009, from at least 75 percent of the acreage of lands
16 benefitting from the state plan of flood control, the state cost
17 share for remaining funds from the subaccount will increase to
18 75 percent of the nonfederal project costs for both flood control
19 and ecosystem restoration components of the project.

20 (b) The state may fully fund the federal cost of design and
21 construction performed in advance under Section 104 of the
22 federal Water Resources Development Act of 1986 (33 U.S.C.
23 Sec. 2214), Section 215 of the federal Water Resources
24 Development Act of 1968 (42 U.S.C. Sec. 1962d-5a), or similar
25 federal authority, without requiring a local cost share, except for
26 the local share of the nonfederal design and construction costs.

27 (c) Any subaccount expenditures pursuant to subdivision (b)
28 that are not reimbursed or credited by the federal government
29 within ten years of execution of the Section 104 agreement, or
30 similar federal agreement, shall be shared with the local project
31 sponsor in the ratio of 70 percent state financial participation and
32 30 percent local financial participation.

33

34 Article 5. Delta Levee Subventions and Special Projects

35

36 82060. (a) There is hereby created in the account the Delta
37 Levee Subventions and Special Projects Subaccount.

38 (b) The sum of two hundred ten million dollars
39 (\$210,000,000) is hereby transferred from the account to the

1 Delta Levee Subventions and Special Projects Subaccount for the
2 purposes of implementing this article.

3 82061. The funds in the Delta Levee Subventions and Special
4 Projects Subaccount, upon appropriation by the Legislature, may
5 be expended by the department or the board for any of the
6 following purposes:

7 (a) Up to sixty million dollars (\$60,000,000) for
8 implementation and administration of the Delta Levees
9 Maintenance Subventions Program, as described in Part 9
10 (commencing with Section 12980) of Division 6, to work with
11 any city, county, district, or other political subdivision in the state
12 that is authorized to maintain levees in the delta and Suisun
13 Marsh to preserve and improve existing project and nonproject
14 levees in accordance with the delta-specific standard prescribed
15 by Public Law 84-99 and consistent with the CALFED Record of
16 Decision, department goals and objectives, and the
17 recommendations to be developed pursuant to the “Delta Risk
18 Management Strategy.”

19 (b) Up to one hundred fifty million dollars (\$150,000,000) for
20 implementation and administration of the Delta Special Flood
21 Control Projects Program, as described in Chapter 2
22 (commencing with Section 12310) of Part 4.8 of Division 6 for
23 flood management projects in the delta and Suisun Marsh.
24 Projects funded under this section shall contribute to the
25 reduction of risks to statewide interests associated with potential
26 catastrophic breaching of delta and Suisun Marsh levees, and
27 may include any of the following actions:

28 (1) Levee stability improvements, including improvement of
29 static stability in accordance with the delta-specific standard
30 prescribed by Public Law 84-99 or standards to be recommended
31 by the “Delta Risk Management Strategy,” and any additional
32 improvements that may be approved by the department. Levee
33 stability improvement funding shall include the costs for
34 mitigation of unavoidable environmental damage associated with
35 levee work.

36 (2) Implementation of demonstration projects to reduce the
37 seismic vulnerability of delta levees.

38 (3) Additional study and levee improvements necessary to
39 develop and implement mitigation measures for sea-level rise,
40 long-term seepage, and seismic forces.

1 (4) Catastrophe mitigation actions including, but not
2 necessarily limited to, emergency response planning,
3 coordination efforts, staff training, working with delta counties
4 on joint response, purchasing and stockpiling flood fight and
5 levee repair materials, including rock and barge equipment,
6 acquisition of property for necessary plan form changes, and
7 other delta flood control activities approved by the department.

8 (5) Development of mitigation banks and their long-term
9 maintenance to cover unavoidable habitat losses resulting from
10 levee improvement.

11 (6) Development of legally required programmatic
12 environmental enhancements and their long-term maintenance.

13 (7) Cost sharing with the federal government for studies and
14 feasibility investigations of delta levee improvements.

15 (8) Cost sharing with reclamation districts on federal projects
16 for construction of levee improvements where the state is not the
17 local sponsor.

18 (9) Projects and policy changes that arrest and contribute to
19 reversal of subsidence.

20 (10) The Legislature, having found that maintenance and
21 upgrades of critical flood management infrastructure should be
22 expedited, authorizes the department or the board to provide
23 funds in the subaccount, upon appropriation therefor, for advance
24 work by reclamation districts under Section 104 of the federal
25 Water Resources Development Act of 1986 (33 U.S.C. Sec.
26 2214), Section 215 of the federal Water Resources Development
27 Act of 1968 (42 U.S.C. Sec. 1962d-5a), or similar federal
28 authority for levee improvements in the delta, and for flood
29 control system improvements that the department or the board
30 has determined require immediate attention.

31
32 Article 6. Flood Control Subventions Program

33
34 82065. (a) There is hereby created in the account the Flood
35 Control Subventions Subaccount.

36 (b) The sum of two hundred fifty million dollars
37 (\$250,000,000) is hereby transferred from the account to the
38 Flood Control Subventions Subaccount for the purposes of
39 implementing this article.

1 82066. (a) Notwithstanding Section 13340 of the
2 Government Code, or any other provision of law, the funds in the
3 subaccount are hereby continuously appropriated, without regard
4 to fiscal years, to the department to provide payment for the
5 state's share of the nonfederal costs of flood control and flood
6 prevention projects adopted and authorized, as of January 1,
7 2006, under the State Water Resources Law of 1945 (Chapter 1
8 (commencing with Section 12570) and Chapter 2 (commencing
9 with Section 12639) of Part 6 of Division 6), the Flood Control
10 Law of 1946 (Chapter 3 (commencing with Section 12800) of
11 Part 6 of Division 6), and the California Watershed Protection
12 and Flood Prevention Law (Chapter 4 (commencing with Section
13 12850) of Part 6 of Division 6), including the credits and loans to
14 local agencies pursuant to Sections 12585.3 and 12585.4,
15 subdivision (d) of Section 12585.5, and Sections 12866.3 and
16 12866.4, and to implement Chapter 3.5 (commencing with
17 Section 12840) of Part 6 of Division 6.

18 (b) The funds in the subaccount shall be allocated only to
19 projects that are not part of the State Plan of Flood Control.

20

21

Article 7. Floodplain Mapping Program

22

23 82070. (a) There is hereby created in the account the
24 Floodplain Mapping Subaccount.

25 (b) The sum of ninety million dollars (\$90,000,000) is hereby
26 transferred from the account to the Floodplain Mapping
27 Subaccount for the purposes of implementing this article.

28 82071. (a) Except as provided in subdivision (c), and
29 notwithstanding Section 16727 of the Government Code, the
30 funds in the Floodplain Mapping Subaccount, upon appropriation
31 by the Legislature to the department, may be expended by the
32 department and advanced to the federal government for the
33 purpose of preparing and updating flood hazard maps, that
34 comply with the standards of the National Flood Insurance
35 Program, as amended, of lands adjacent to the Sacramento and
36 San Joaquin Rivers and their tributaries that are historically
37 subject to overflow.

38 (b) The department may conduct all necessary activities
39 supporting development of the flood hazard maps, including but
40 not limited to, hydrologic studies, hydraulic studies, surveys,

1 geotechnical investigations, and engineering evaluations as
2 needed to meet the standards of the National Flood Insurance
3 Program.

4 (c) The sum of three million dollars (\$3,000,000) shall be
5 made available to the department from the subaccount, upon
6 appropriation therefor, to provide community assistance for
7 floodplain management activities and alluvial fan floodplain
8 mapping in accordance with priorities established by the
9 department in consultation with the Alluvial Fan Task Force.

10

11 Article 8. Floodway Corridor Program

12

13 82075. (a) There is hereby created in the account the
14 Floodway Corridor Subaccount.

15 (b) The sum of forty million dollars (\$40,000,000) is hereby
16 transferred from the account to the Floodway Corridor
17 Subaccount for the purposes of implementing this article.

18 82076. The funds in the Floodway Corridor Subaccount,
19 upon appropriation by the Legislature, may be expended by the
20 department for flood control projects along levees and channels
21 within the State Plan of Flood Control. In addition to the primary
22 purpose of flood risk reduction, the projects funded under this
23 subaccount may also provide agricultural land conservation
24 benefits or habitat enhancement within or associated with
25 facilities of the State Plan of Flood Control, if that habitat
26 enhancement may occur while maintaining design level capacity
27 for flood channel conveyance.

28 82076.5. (a) Funds from the subaccount, upon appropriation
29 therefor, may be expended for property rights acquisition, project
30 planning and design, permitting, project construction,
31 maintenance, mitigation, monitoring, and related costs. Project
32 costs may be shared with another agency or used in
33 private/public partnerships determined by the department to be in
34 the best interests of the state.

35 (b) Funds from the subaccount , upon appropriation therefor,
36 may be expended for setting back existing flood control levees,
37 removing levees, and constructing new levees, bypass channels,
38 and floodwater detention areas.

39 (c) Funds from the subaccount may not be expended for roads,
40 bridges, utilities, landscaping for aesthetic purposes, or urban

1 recreational facilities, except in cases where the facilities are
2 damaged by, or must be relocated because of, projects related to
3 flood protection that are funded or partially funded pursuant to
4 this article.

5 (d) Roads, bridges, and utilities necessary for the project may
6 be funded pursuant to this article.

7 (e) In acquiring land rights, priority shall be given to acquiring
8 easements from willing sellers.

9 (f) In order to ensure that property acquired under subdivision
10 (a) remains on the county tax roll and in agricultural use to the
11 greatest extent practicable, the acquisition of easements shall be
12 the preferred method of acquiring property interests unless the
13 acquisition of a fee interest is required for management purposes
14 or the landowner will only consider the sale of a fee interest in
15 the land. No acquisition of a fee interest shall be undertaken
16 under subdivision (a) until all practical alternatives have been
17 considered by the department.

18 (g) All proceeds received from the disposal of a fee interest
19 acquired under this article shall be deposited into the subaccount.

20 (h) Funds in the subaccount may be expended, upon
21 appropriation by the Legislature, to repair breaches in any flood
22 control facility developed pursuant to this article or caused by the
23 development of an easement or fee title property acquisition
24 program financed through this article and to repair water
25 diversion facilities or flood control facilities damaged by a
26 project developed pursuant to this article or financed pursuant to
27 this article.

28 (i) To ensure long term monitoring and maintenance of any
29 property acquired or facilities developed pursuant to this article,
30 a trust fund in the amount of not more than 30 percent of the cost
31 of acquisition or construction of the property or facility may be
32 established by the department. Interest from the trust fund may
33 be expended only to maintain or monitor the site or facility or to
34 pay service fees levied for the benefit of the site or facility, such
35 as fire protection and other special district fees. If title to the
36 property interest or facility is transferred to another agency, the
37 trust fund shall also be transferred. If the trust fund is no longer
38 needed for maintenance, monitoring or services fees, any
39 remaining funds in the trust fund shall be returned to the

1 subaccount or, if the subaccount is no longer in existence, to the
2 General Fund.

3

4 CHAPTER 7. INTEGRATED REGIONAL WATER MANAGEMENT
5 PROGRAM

6

7

Article 1. Definitions

8

9 82080. Unless the context otherwise requires, the definitions
10 set forth in this section govern the construction of this chapter.

11 (a) “Applicant” means an entity that submits a regional
12 proposal for grant funding in accordance with this chapter on
13 behalf of a region defined in an integrated regional water
14 management plan and enters into a funding agreement with the
15 department, and is one of the following:

16 (1) A public entity involved in water management, including
17 cities, counties, cities and counties, districts, joint powers
18 authorities, or other political subdivisions of the state.

19 (2) An accredited public or private university or college.

20 (3) A nonprofit organization qualified under Section 501(c)(3)
21 of the United States Internal Revenue Code.

22 (4) An Indian tribe.

23 (5) An incorporated mutual water company.

24 (6) An investor-owned utility regulated by the Public Utilities
25 Commission.

26 (7) A state agency.

27 (b) “Disadvantaged community” means a community located
28 in one of the funding regions identified in subdivision (a) of
29 Section 82092 that has a median household income that is less
30 than 80 percent of the median household income for the funding
31 region as a whole.

32 (c) “Integrated regional water management plan” means a plan
33 defined in Section 82131.

34 (d) “Participant” means an entity that is the sponsor or
35 proponent of a project or program included in a regional proposal
36 for funding submitted for the purposes of this chapter by an
37 applicant, and is one of the following:

38 (1) A public entity involved in water management, including
39 cities, counties, cities and counties, districts, joint powers
40 authorities, or other political subdivisions of the state.

- 1 (2) An accredited public or private university or college.
- 2 (3) A nonprofit organization qualified under Section 501(c)(3)
- 3 of the United States Internal Revenue Code.
- 4 (4) An Indian tribe.
- 5 (5) An incorporated mutual water company.
- 6 (6) An investor-owned utility regulated by the Public Utilities
- 7 Commission.
- 8 (7) A state agency.
- 9

10 Article 2. Integrated Regional Water Management Account

11
12 82085. For the purposes of this chapter, “account” means the

13 Integrated Regional Water Management Account created by

14 Section 82086.

15 82086. (a) The Integrated Regional Water Management

16 Account is hereby created in the fund. The sum of two billion

17 dollars (\$2,000,000,000) is hereby transferred from the fund to

18 the account. Notwithstanding Section 13340 of the Government

19 Code, the moneys in the account are hereby continuously

20 appropriated without regard to fiscal years for grants and

21 expenditures to implement integrated regional water management

22 and statewide water management priorities as described in the

23 California Water Plan, as updated by Bulletin 160-05. The funds

24 provided in this section shall be used to improve water supply

25 reliability and protect and improve water quality for all beneficial

26 uses.

27 (b) The department shall administer the funds made available

28 by this section in consultation with the State Water Resources

29 Control Board, the regional water quality control boards, the

30 State Department of Health Services, the Department of Fish and

31 Game, the California Bay-Delta Authority or its successor, and

32 other state agencies with water management authority and

33 responsibility to ensure coordination and integration of state

34 water resources programs and priorities.

35
36 Article 3. Regional Water Management Program

37
38 82090. (a) There is hereby created in the account the

39 Regional Water Management Subaccount.

1 (b) Notwithstanding Section 16727 of the Government Code,
 2 the sum of one billion dollars (\$1,000,000,000) is hereby
 3 transferred from the account to the Regional Water Management
 4 Subaccount for grants and expenditures by the department for the
 5 purposes of implementing this article.

6 82091. For the purposes of this chapter, the department shall
 7 apply the requirements for integrated regional water management
 8 plans established pursuant to Section 82176.

9 82092. (a) For funding purposes, the regions shall be
 10 identified in accordance with Section 82129.

11 (b) The sum of one billion dollars (\$1,000,000,000) shall be
 12 allocated according to the following schedule:

| | |
|------------------------------|---------------|
| 14 (1) North Coast | \$45,000,000 |
| 15 (2) San Francisco Bay | \$147,000,000 |
| 16 (3) Central Coast | \$61,000,000 |
| 17 (4) Los Angeles - Ventura | \$220,000,000 |
| 18 (5) Santa Ana River | \$121,000,000 |
| 19 (6) San Diego | \$98,000,000 |
| 20 (7) Sacramento River | \$81,000,000 |
| 21 (8) San Joaquin River | \$66,000,000 |
| 22 (9) Tulare Lake | \$68,000,000 |
| 23 (10) Lahontan | \$48,500,000 |
| 24 (11) Colorado River Basin | \$44,500,000 |

27
 28 (c) Not more than 5 percent of the funds provided in Section
 29 82090 may be used for grants and expenditures for the
 30 development, updating, or improvement of integrated regional
 31 water management plans to meet the requirements established
 32 pursuant to Section 82091.

33 82093. (a) Proposals funded pursuant to this article shall be
 34 consistent with an integrated regional water management plan
 35 that meets the requirements established pursuant to Section
 36 82091, and shall include one or more of the following eligible
 37 project elements:

38 (1) Projects that reduce water demand through agricultural and
 39 urban water use efficiency.

1 (2) Projects that increase water supplies, including
2 groundwater storage and conjunctive water management,
3 desalination, precipitation enhancement, water recycling,
4 regional and local surface storage, and the local share of surface
5 storage under the CALFED Bay-Delta Program.

6 (3) Projects that improve operational efficiency, including
7 conveyance facilities, system reoperation, and water transfers.

8 (4) Projects that improve water quality, including drinking
9 water treatment and distribution, groundwater and aquifer
10 remediation, matching water quality to water use, water pollution
11 prevention, and management of urban and agricultural runoff.

12 (5) Projects that improve resource stewardship, including
13 agricultural lands stewardship, ecosystem restoration, floodplain
14 management, recharge area protection, urban land-use
15 management, water dependent recreation, and watershed
16 management.

17 (b) The department shall give preference to proposals that
18 satisfy the following criteria:

19 (1) Proposals that effectively integrate water management
20 programs and projects within an entire region identified pursuant
21 to Section 82129.

22 (2) Proposals that effectively integrate water management with
23 land use planning.

24 (3) Proposals that effectively resolve significant water-related
25 conflicts within or between regions.

26 (4) Proposals that contribute to the attainment of one or more
27 of the objectives of the CALFED Bay-Delta Program.

28 (5) Proposals that address statewide water management
29 priorities.

30 (6) Proposals that address critical water supply or water
31 quality needs for disadvantaged communities within the region.

32 (7) Proposals that effectively integrate flood management into
33 the integrated regional water management plan.

34 (8) Proposals and projects that provide multiple benefits.

35 (9) Proposals that are prepared to proceed to implementation
36 in a timely manner.

37 (c) Proposals receiving funds pursuant to this article shall
38 include a local cost share from nonstate sources of at least 50
39 percent of the total costs of the proposal. The department may
40 reduce the cost share requirement for projects that directly

1 benefit the water supply and water quality needs of
2 disadvantaged communities.

3 (d) Only a single proposal for funding shall be submitted from
4 any geographic area having an integrated regional water
5 management plan. One entity within a geographic area shall be
6 identified as the applicant, and other entities sponsoring projects
7 included in the proposal shall be identified as participants.

8 (e) To be eligible for funding, applicants and participants shall
9 meet all of the following requirements:

10 (1) Applicants and participants that are urban water suppliers
11 shall prepare, adopt, and submit an urban water management plan
12 to the department in compliance with the Urban Water
13 Management Planning Act (Part 2.6 (commencing with Section
14 10610) of Division 6).

15 (2) Applicants and participants that are agricultural water
16 suppliers shall prepare, adopt, and submit to the department an
17 agricultural water management plan consistent with Part 2.8
18 (commencing with Section 10800) of Division 6.

19 (3) For groundwater management, storage, and recharge
20 projects, and projects with potential groundwater impacts, the
21 applicant or participant responsible for these projects shall
22 demonstrate one or more of the following, as applicable:

23 (A) The preparation and implementation of a groundwater
24 management plan in compliance with Section 10753.7.

25 (B) Participation in, or agreement to be subject to, a
26 groundwater management plan, basin-wide management plan, or
27 other program or plan that meets the requirements of Section
28 10753.7.

29 (C) Compliance with the requirements of an adjudication of
30 water rights in the subject groundwater basin.

31 82094. (a) The department shall establish a process to
32 allocate grants on a competitive basis within each of the regions
33 identified pursuant to Section 82129 among all proposals
34 meeting the requirements of this article.

35 (b) The department shall consult with the State Water
36 Resources Control Board, the regional water quality control
37 boards, the State Department of Health Services, the Department
38 of Fish and Game, the California Bay-Delta Authority or its
39 successor, and other state agencies with water management

1 responsibility and authority in development of the proposal
2 solicitation process and evaluation of proposals.

3 (c) If a single integrated regional water management plan
4 encompassing the interests and objectives of the region and
5 meeting the requirements of this article is developed for an entire
6 funding region identified pursuant to Section 82129, the
7 department shall defer to the project priorities included in that
8 integrated regional water management plan for funding purposes
9 and review proposals only for consistency with the requirements
10 and purposes of Sections 82091 and 82093.

11 (d) If, in any funding region identified pursuant to Section
12 82092, there is no integrated regional water management plan or
13 plans that meet the requirements established pursuant to Section
14 82129 at the time of the grant selection process, the funds
15 allocated to that region shall not be reallocated to another region,
16 but shall remain reserved for the region until January 1, 2010. At
17 that time, the department may reallocate the funds to other
18 funding regions consistent with the purposes of this chapter.

19

20 Article 4. Statewide Water Management Program

21

22 82095. (a) There is hereby created in the account the
23 Statewide Water Management Subaccount.

24 (b) Notwithstanding Section 16727 of the Government Code,
25 the sum of one billion dollars (\$1,000,000,000) is hereby
26 transferred from the account to the Statewide Water Management
27 Subaccount for grants and expenditures by the department to
28 support integrated regional water management, fund interregional
29 projects, and invest in statewide projects and programs as
30 follows:

31 82096. (a) The sum of two hundred fifty million dollars
32 (\$250,000,000) shall be allocated to protect and improve water
33 quality, for purposes including, but not necessarily limited to,
34 any of the following:

35 (1) Obtaining federal matching funds by providing state cost
36 share through the Safe Drinking Water State Revolving Fund
37 established by Section 116760.30 of the Health and Safety Code
38 and the State Water Pollution Control Revolving Fund
39 established by Section 13477.

1 (2) Providing emergency funding for remediation or
2 containment of groundwater contamination to mitigate existing
3 and imminent threats to water supplies.

4 (3) Mitigating the impacts of urban and agricultural runoff and
5 drainage.

6 (b) The department shall consult with the State Water
7 Resources Control Board, the regional water quality control
8 boards, and the State Department of Health Services in making
9 expenditures pursuant to this section.

10 (c) If any moneys are subsequently recovered from responsible
11 parties or other sources in satisfaction of obligations in
12 connection in with which funds have been expended for the
13 purposes of paragraph (2) of subdivision (a), they shall constitute
14 reimbursement of those expenditures and be deposited in the
15 subaccount.

16 82097. The sum of two hundred fifty million dollars
17 (\$250,000,000) shall be allocated to support development of
18 water storage, including all of the following:

19 (a) Completion of surface water storage planning, feasibility
20 studies, and environmental documentation pursuant to the
21 CALFED Bay-Delta Program.

22 (b) Preliminary engineering design of surface storage projects.

23 (c) Identification of storage project formulations that can help
24 protect and restore the environment.

25 (d) Evaluation of cost sharing for surface storage to support
26 broad public benefits, federal interests in the project, and local
27 public agency or private benefits through water supply or power
28 generation.

29 (e) Study and construction of groundwater storage and
30 conjunctive use projects and programs that can provide
31 interregional benefits.

32 82098. The sum of three hundred million dollars
33 (\$300,000,000) shall be allocated for the advancement of water
34 resources and water quality science and technology including,
35 but not necessarily limited to any of the following:

36 (a) Research and development to address energy requirements
37 and environmental concerns of desalination and to construct
38 desalination facilities.

39 (b) Evaluation of climate change impacts on the state's water
40 supply and flood control systems.

1 (c) Development and implementation of water conservation
2 technology.

3 (d) Development of data and analytical tools to support
4 statewide water evaluation and planning.

5 (e) Performing the activities of the science program of the
6 California Bay-Delta Authority or its successor.

7 82099. The sum of two hundred million dollars
8 (\$200,000,000) shall be allocated for resource stewardship and
9 ecosystem restoration, including any of the following:

10 (a) Restoration of the San Joaquin River system.

11 (b) Restoration of the Sacramento-San Joaquin Delta.

12 (c) Habitat conservation planning and implementation.

13 (d) Conservation easements on agricultural land.

14 (e) Restoration of the Salton Sea.

15 (f) Other ecosystem restoration projects and programs.

16 (g) Of the funds made available by Section 82099, up to
17 twenty million dollars (\$20,000,000) shall be available to the
18 department for costs incurred for the enhancement of fish and
19 wildlife or for the development of public recreation pursuant to
20 Section 11912.

21 82100. On or after January 1, 2010, if the director presents to
22 the Legislature a determination that the amounts allocated in
23 Sections 82096 to 82099, inclusive, are in excess of the amount
24 needed to address the purposes of each section, and other
25 priorities require additional funding, the funds may be reallocated
26 for any of the purposes of this article, or for grants to implement
27 integrated regional water management plans in accordance with
28 Article 3 (commencing with Section 82090).

29

30 CHAPTER 8. CALIFORNIA WATER RESOURCES INVESTMENT
31 PROGRAM

32

33 Article 1. General Provisions

34

35 82120. This chapter shall be known and may be cited as the
36 California Water Resources Investment Act of 2006.

37 82121. The Legislature finds and declares all of the
38 following:

39 (a) As the state's population continues to grow, it becomes
40 more important for California to have a stable funding source to

1 meet future water demand, improve water quality, and sustain the
2 environment.

3 (b) A close link between the generation of revenue and the
4 increased water supply reliability gained from the investment of
5 this revenue provides for equitable improvements in water
6 management.

7 (c) The state's water management system has changed
8 significantly over the last 30 years in order to ensure that there is
9 a balance among economic, environmental, and ecosystem needs,
10 while also providing the water resources needed to meet local
11 objectives.

12 (d) These local objectives have recently been promoted
13 through regional water planning, including the use of integrated
14 regional water management plans.

15 (e) Integrated regional water management planning helps each
16 region of the state to become more self-sufficient with its water
17 supplies by planning, investing, building partnerships, and
18 diversifying water portfolios while considering all resources
19 within the regional planning area.

20 (f) Integrated regional water management provides a new way
21 of managing and improving efficiency of water resources in the
22 state by integrating solutions to water supply, flood management,
23 water quality, and habitat concerns, while encouraging regional
24 entities to work together.

25 (g) Significant funding is needed to ensure that state and local
26 water resources can continue to meet the demands of a growing
27 population.

28 (h) Over the past 10 years, voter-approved bonds have made
29 significant contributions to address state and local water resource
30 needs, and provided considerable incentives for local investment
31 on behalf of those needs.

32 (i) Although the issuance of these bonds has provided for
33 important improvements in the state's water management system,
34 the levels of available funding have fluctuated throughout the life
35 of each bond, while the types of projects and programs eligible
36 for funding have varied for each bond. This lack of stability in
37 incentive funding has inhibited local and regional agencies from
38 developing and implementing long-term plans and investment
39 strategies.

1 (j) A new stable source of funding that can work in
2 conjunction with, or independently of, voter-approved bonds can
3 provide the financial foundation for resource planning and
4 management, construction of new facilities, managing the
5 demand for water, and maintenance of the water management
6 system.

7 (k) The purpose of this chapter is to establish a fund that will
8 provide a stable source of revenue for integrated regional water
9 management to achieve clean, reliable, and sustainable water
10 supplies, in conjunction with local expenditures and other state
11 and federal funds.

12
13 Article 2. Definitions
14

15 82122. Unless the context otherwise requires, the definitions
16 set forth in this article govern the construction of this chapter.

17 82123. “Applicant” means an entity that submits a regional
18 proposal for funding in accordance with this chapter on behalf of
19 a region defined in an integrated regional water management plan
20 and enters into a funding agreement with the department, and is
21 any of the following:

22 (a) A public entity involved in water management, including
23 cities, counties, cities and counties, districts, joint powers
24 authorities, or other political subdivisions of the state.

25 (b) An accredited public or private university or college.

26 (c) A nonprofit organization qualified under Section 501(c)(3)
27 of the United States Internal Revenue Codes.

28 (d) An Indian tribe.

29 (e) An incorporated mutual water company.

30 (f) An investor-owned utility regulated by the Public Utilities
31 Commission.

32 (g) A state agency.

33 82124. “Beneficial uses” include, but are not necessarily
34 limited to, domestic, municipal, agricultural, and industrial
35 supply; power generation; recreation; aesthetic enjoyment;
36 navigation; and preservation and enhancement of fish, wildlife,
37 and other aquatic resources or preserves.

38 82126. “Commission” means the California Water
39 Commission established pursuant to Article 2 (commencing with
40 Section 150) of Chapter 2 of Division 1.

1 82127. “Customer” means a person or entity that purchases
2 water from a retail water supplier.

3 82128. “Disadvantaged community” means a community
4 located in one of the funding regions identified in Section 82137
5 that has a median household income that is less than 80 percent
6 of the median household income for the funding region as a
7 whole.

8 82129. “Funding regions” means the 11 regions, identified
9 for the purposes of funding in accordance with this chapter,
10 based on the hydrologic regions set forth in the department’s
11 Bulletin 160-05, and referred to in Section 10013, with the
12 following exceptions:

13 (a) For the South Coast Hydrologic Region, the department
14 shall establish three regions that reflect the San Diego County and
15 the southern Orange County watersheds, the Santa Ana River
16 watershed and, the Los Angeles-Ventura County watersheds
17 respectively.

18 (b) The Lahontan Region shall include both the North and
19 South Lahontan Hydrologic Regions.

20 82130. “In this state” means within the exterior limits of the
21 State of California, and includes all territory within those limits
22 that is owned by or ceded to the United States.

23 82131. “Integrated regional water management plan” means a
24 comprehensive plan for a defined geographic area, the specific
25 development and content of which shall be defined by
26 regulations adopted pursuant to this chapter. At a minimum, an
27 integrated regional water management plan describes the major
28 water related objectives and conflicts within a region; considers a
29 broad variety of water management strategies; and identifies the
30 appropriate mix of water demand and supply management
31 alternatives, water quality protections, and environmental
32 stewardship actions to provide long-term, reliable, and high
33 quality water supply and protects the environment at the lowest
34 reasonable cost and with the highest possible benefits to the
35 environment and to the customers.

36 82132. “Investment Fund” means the California Water
37 Resources Investment Fund established pursuant to Section
38 82165.

39 82133. “Participant” means an entity that is the sponsor or
40 proponent of a project or program included in a regional proposal

1 for funding submitted for the purposes of this chapter by an
2 applicant, and is one of the following:

3 (a) A public entity involved in water management, including
4 cities, counties, cities and counties, districts, joint powers
5 authorities, or other political subdivisions of the states.

6 (b) An accredited public or private university or college.

7 (c) A nonprofit organization qualified under Section 501(c)(3)
8 of the United States Internal Revenue Codes.

9 (d) An Indian tribe.

10 (e) An incorporated mutual water company.

11 (f) An investor-owned utility requested by the Public Utilities
12 Commission.

13 (g) A state agency.

14 82134. “Person” means any individual; estate; business or
15 common law trust; firm; joint stock company; joint venture;
16 business concern; corporation, including, but not necessarily
17 limited to, a government corporation, partnership, limited
18 partnership, limited liability partnership, limited liability
19 company, or any other business entity; and any social club,
20 cooperative organization, fraternal organization, or any other
21 organization or association. “Person” also includes any city,
22 county, city and county, district, commission, the state or any
23 department, agency, or political subdivision thereof, any
24 interstate body, and the United States and its agencies and
25 instrumentalities to the extent permitted by law.

26 82135. “Plan” means the California Water Plan set forth in
27 Part 1.5 (commencing with Section 10004) of Division 6.

28 82136. “Regional investment accounts” means the 11
29 accounts created in the investment fund, one for each of the
30 regions identified in Section 82137.

31 82138. “Retail water service” means water service that is
32 purchased by municipal, industrial, or agricultural water
33 customers without further sale of water to other water customers.

34 82139. “Retail water supplier” means any local entity,
35 including a public agency, city, county, investor-owned utility,
36 municipal water company, or private water company that
37 provides retail water service to municipal, industrial, or
38 agricultural customers.

39 82140. “State” means the State of California.

1 82141. “Water connection” means the location at which a
2 retail water supplier provides delivery of, and a water customer
3 takes possession of, water purchased from a retail water supplier.

4 82142. “Water resources capacity charge” or “capacity
5 charge” means the water resources capacity charge established
6 pursuant to Section 82200.

7

8

Article 3. Constitutional Exemptions

9

10 82150. Nothing in this part shall be construed to impose a fee
11 upon any person when the imposition of that fee would be in
12 violation of the California Constitution, the United States
13 Constitution, or other federal law.

14

15

Article 4. Duties of the California Water Commission

16

17 82155. The commission shall review funding expenditures,
18 and prepare an annual summary of the actions that the
19 department has taken during each fiscal year to implement this
20 chapter. The commission shall submit the summary to the
21 Secretary for the Resources Agency on or before December 31 of
22 each year for the previous fiscal year.

23 82156. Not less than every five years, and not more than one
24 year following the release of a new California Water Plan
25 Update, the commission shall make recommendations to the
26 Legislature regarding proposed changes to the schedule of
27 charges described in Article 6 (commencing with Section 82200).
28 The recommended schedule shall become effective unless the
29 Legislature acts, by statute, within 60 days after the receipt of the
30 recommendations.

31 82157. The commission may request the Department of
32 Finance to conduct audits with regard to the manner in which the
33 funds in the regional investment accounts and the State
34 Investment Account are expended.

35 82158. The commission shall hold publicly noticed meetings
36 regarding its duties under this chapter on at least a quarterly
37 basis.

38 82159. The department shall adopt, and the commission shall
39 review and approve, regulations relating to the administration of
40 the investment fund.

1 Article 5. California Water Resources Investment Fund

2
3 82165. (a) The California Water Resources Investment Fund
4 is hereby created in the State Treasury. The fund shall consist of
5 13 accounts, which are hereby created, as follows: the General
6 Account for receipt of deposits from the State Board of
7 Equalization and general expenditures, the State Investment
8 Account, and 11 regional investment accounts.

9 (b) The investment fund shall be supported by capacity
10 charges, and penalties imposed on retail water suppliers in this
11 state and remitted to the State Board of Equalization in
12 accordance with Article 6 (commencing with Section 82200),
13 and interest that accrues on those amounts.

14 82166. All amounts collected pursuant to this chapter shall be
15 deposited by the State Board of Equalization into the General
16 Account in the investment fund. Notwithstanding Section 13340
17 of the Government Code, the moneys in the General Account are
18 continuously appropriated, without regard to fiscal years, to the
19 Controller for transfer as follows:

20 (a) Fifty percent to the State Investment Account in the
21 investment fund.

22 (b) Fifty percent to the regional investment accounts in the
23 investment fund on a pro rata basis that reflects the amounts
24 collected within each respective funding region.

25 82169. (a) The Legislature finds and declares that
26 expenditures pursuant to this chapter are integral to the
27 investment of bond moneys pursuant to Chapter 7 (commencing
28 with Section 82080) of this division and Chapter 7 (commencing
29 with Section 83080) of Division 33 and constitute a plan of
30 finance for implementing the California Water Plan.

31 (b) The moneys in the investment fund shall not be
32 appropriated by the Legislature for any purposes other than those
33 set forth in this chapter.

34 82170. The State Investment Account and each of the
35 regional investment accounts may accumulate the revenues
36 deposited in those respective account in any year in which those
37 revenues are not expended.

38 82171. Interest earned by the respective investment accounts
39 shall be retained in those accounts, to be expended for the

1 purposes for which the respective investment accounts may be
2 expended.

3 82172. Notwithstanding Section 13340 of the Government
4 Code, the moneys in the regional investment accounts are hereby
5 continuously appropriated, without regard to fiscal years, for
6 expenditure in accordance with this article.

7 82173. The department shall establish and implement a plan
8 to monitor, track, and report on integrated regional water
9 management plan implementation and performance to
10 demonstrate achievements associated with expenditures from the
11 investment fund. The report shall include an itemization of
12 moneys expended on projects and programs and a description
13 with regard to the performance of those projects and programs.

14 82176. (a) For the purposes of this chapter, the department
15 shall adopt regulations for the preparation of integrated regional
16 water management plans.

17 (b) At a minimum, these regulations shall require that
18 integrated regional water management plans include all of the
19 following:

20 (1) Consideration of all of the resource management strategies
21 identified in the California Water Plan, as updated by department
22 Bulletin 160-05.

23 (2) An integrated, multibenefit approach to selection and
24 design of projects.

25 (3) Performance measures and monitoring to demonstrate
26 progress toward meeting regional objectives.

27 (4) Standards for developing regional project priorities.

28 (c) The department shall consult with the State Water
29 Resources Control Board, the regional water quality control
30 boards, the State Department of Health Services, the Department
31 of Fish and Game, the California Bay-Delta Authority or its
32 successor, and other state agencies with water management
33 responsibility and for the purpose of adopting the regulations and
34 reviewing integrated regional water management plans for the
35 purposes of this chapter.

36 82177. The department shall verify that integrated regional
37 water management plans comply with the regulations adopted
38 pursuant to Section 82176.

39 82178. The moneys in the regional investment accounts may
40 be expended for any of the following purposes:

1 (a) As the first source of funds to provide local matching funds
2 to secure grants for proposals under Section 82093 or 83093.

3 (b) To supplement local funding for integrated regional water
4 management projects.

5 (c) As a nonstate cost share with other state or federal funding
6 sources.

7 82179. Projects funded from a regional investment account
8 shall be consistent with an integrated regional water management
9 plan that meets the requirements established by regulations
10 adopted pursuant to Section 82176, and shall include one or more
11 of the following eligible project elements:

12 (a) Projects that reduce water demand through agricultural and
13 urban water use efficiency.

14 (b) Projects that increase water supplies, including
15 groundwater storage and conjunctive water management,
16 desalination, precipitation enhancement, water recycling,
17 regional and local surface storage, and the local share of surface
18 storage under the CALFED Bay-Delta Program.

19 (c) Projects that improve operational efficiency, including
20 conveyance facilities, system reoperation, and water transfers.

21 (d) Projects that improve water quality, including drinking
22 water treatment and distribution, groundwater and aquifer
23 remediation, matching water quality to water use, water pollution
24 prevention, and management of urban and agricultural runoff.

25 (e) Projects that improve resource stewardship, including
26 agricultural lands stewardship, ecosystem restoration, floodplain
27 management, recharge area protection, urban land use
28 management, water dependent recreation, and watershed
29 management.

30 82180. Only a single proposal for funding from a regional
31 investment account shall be submitted from any geographic area
32 subject to an integrated regional water management plan. One
33 entity within the area subject to the integrated regional water
34 management plan shall be identified as the applicant, and other
35 entities that sponsor projects included in the proposal shall be
36 identified as participants.

37 82181. The department shall give preference to proposals or
38 projects that do one or more of the following:

39 (a) Effectively integrate water management programs and
40 projects within an entire region.

1 (b) Effectively integrate water management with land use
2 planning.

3 (c) Effectively address significant water-related conflicts
4 within or between regions.

5 (d) Contribute to the attainment of one or more of the
6 objectives of the CALFED Bay-Delta Program.

7 (e) Address statewide water management priorities.

8 (f) Address critical water supply or water quality needs for
9 disadvantaged communities within the region.

10 (g) Effectively integrate flood management into the regional
11 water management plan.

12 (h) Provide multiple benefits.

13 (i) Are prepared to proceed to implementation in a timely
14 manner.

15 82182. To be eligible for funding from a regional investment
16 account, applicants and participants in regional proposals shall
17 meet all of the following requirements:

18 (a) Applicants and participants that are urban water suppliers
19 shall prepare, adopt, and submit to the department an urban water
20 management plan in accordance with the Urban Water
21 Management Planning Act (Part 2.6 (commencing with Section
22 10610) of Division 6).

23 (b) Applicants and participants that are agricultural water
24 suppliers shall prepare, adopt, and submit to the department an
25 agricultural water management plan in accordance with Part 2.8
26 (commencing with Section 10800) of Division 6.

27 (c) For groundwater management, storage, and recharge
28 projects, and projects with potential groundwater impacts, the
29 applicant or participant shall demonstrate one or more of the
30 following, as applicable:

31 (1) The preparation and implementation of a groundwater
32 management plan in accordance with Section 10753.7.

33 (2) Participation in, or agreement to be subject to, a
34 groundwater management plan, basinwide management plan, or
35 other program or plan that meets the requirements of Section
36 10753.7.

37 (3) Compliance with the requirements of an adjudication of
38 water rights in the groundwater basin.

39 82183. (a) The department shall establish a process to
40 allocate funds on a competitive basis from each of the regional

1 investment accounts among all proposals meeting the
2 requirements of Sections 82179, 82180, 82181, and 82182. The
3 department shall coordinate responsibilities under this section
4 with its responsibilities under Section 82094. Decisions made by
5 the department under this section shall be reviewed by the
6 commission pursuant to Section 82155.

7 (b) If a region develops and adopts a single integrated regional
8 water management plan that encompasses the interests and
9 objectives of the entire funding region identified pursuant to
10 Section 82129 and meets the requirements set forth in regulations
11 adopted pursuant to Section 82176, the department shall defer to
12 the project priorities included in that integrated regional water
13 management plan for funding purposes.

14 (c) If, in any funding region identified pursuant to Section
15 82129, there is no integrated regional water management plan
16 that meets the requirements set forth in regulations adopted
17 pursuant to Section 82176, the funds in the regional investment
18 account may accumulate, or the department may allocate the
19 funds to benefit projects and activities within the region in a
20 manner that is consistent with this article. The department's
21 administrative costs incurred in connection with expenditures
22 under this subdivision shall be paid from the appropriate regional
23 investment account.

24 82184. Not later than 60 days from the date on which this
25 chapter becomes operative, each retail water supplier in this state
26 shall submit to the department a written statement describing
27 whether it is publicly or privately owned, its official mailing
28 address, the retail water supplier's connection categories used in
29 its billing, and the number of water connections in each category.
30 The retail water supplier shall also submit to the department a
31 map of its service area.

32 82190. The moneys in the State Investment Account of the
33 investment fund, upon appropriation by the Legislature, shall be
34 expended as follows:

35 (a) For allocation to the State Board of Equalization to pay
36 refunds of the capacity charges, interest, and penalties, as
37 authorized by Chapter 5 of the Fee Collection Procedures Law
38 (commencing with Section 55221 of Part 30 of Division 2 of the
39 Revenue and Taxation Code), including refunds due on account

1 of judgments for the return of capacity charges illegally
2 collected.

3 (b) For allocation to the State Board of Equalization, the
4 commission, and the department to ensure sufficient revenues for
5 those state agencies to carry out the duties imposed upon them by
6 this division. A reserve not to exceed ___dollars (\$ ___), shall
7 be maintained in the State Investment Account.

8 (c) For the purposes of Section 82191.

9 82191. (a) The department, as part of its preparation of a
10 proposed annual budget and in consultation with the Department
11 of Fish and Game, State Department of Health Services, and the
12 State Water Resources Control Board, shall propose allocation of
13 funds for the balance of the moneys in the State Investment
14 Account according to the following priorities:

15 (1) Obtaining federal matching funds by providing state
16 financial participation for the purposes of the Safe Drinking
17 Water State Revolving Fund established by Section 11676.30 of
18 the Health and Safety Code and the State Water Pollution
19 Control Revolving Fund established by Section 13477.

20 (2) Providing funding to support priority regional projects.

21 (3) Providing emergency funding for remediation or
22 containment of groundwater contamination to mitigate existing
23 and imminent threats to water supplies. If funds expended for this
24 purpose are subsequently recovered from responsible parties or
25 other sources, those funds shall be reimbursed to the account.

26 (4) Water infrastructure of statewide significance, including
27 investment in the portion of new surface storage that benefits the
28 general public.

29 (5) Other statewide programs found to be significant to
30 integrated water management, including, but not necessarily
31 limited to, science and research, tracking performance of water
32 management activities, study of public health issues,
33 improvements for disadvantaged communities with critical
34 public health challenges and mitigation of water supply impacts.

35 (b) Funds in the State Investment Account may also be
36 allocated to state agencies to make grants for special projects and
37 programs; for deposit into a regional investment account to
38 address special needs; for the support of integrated regional water
39 management; and for other statewide water management projects
40 consistent with this article.

1 (c) Not less than 35 percent of the moneys available for
2 allocation under this section shall be expended for the purposes
3 of both paragraphs (1) and (2) of subdivision (a).

4 82192. Each state agency that receives annual funding under
5 Section 82191 shall track and document the manner in which
6 those funds are used to advance integrated regional water
7 management within the state, and submit that information to the
8 department on at least an annual basis.

9
10 Article 6. Water Resources Capacity Charge

11
12 82200. A water resources capacity charge is hereby imposed
13 on every retail water supplier in this state each calender year
14 based on the actual number and types of water connections in its
15 service area in accordance with and the amounts in the following
16 schedule:

17 (a) Zero dollars (\$0) per month for each lifeline connection.

18 (b) Three dollars (\$3) per month for each single-family
19 residence water connection.

20 (c) Five dollars (\$5) per month for each commercial water
21 connection.

22 (d) Ten dollars (\$10) per month for each multiple-family
23 residence water connection.

24 (e) Ten dollars (\$10) per month for each industrial site water
25 connection.

26 (f) Three dollars (\$3) per month for each agricultural water
27 connection that services an area not exceeding nine acres.

28 (g) Six dollars (\$6) per month for each agricultural water
29 connection that services an area that exceeds nine acres but does
30 not exceed 180 acres.

31 (h) Ten dollars (\$10) per month for each agricultural water
32 connection that services an area exceeding 180 acres.

33 82201. A retail water supplier may collect the costs of the
34 charge from its water users by using the schedule set forth in
35 Section 82200 or by using an alternate collection method
36 consistent with the supplier's practices.

37 82202. The department shall compile information pursuant to
38 Section 82204 on retail water suppliers with 300 or more
39 connections and submit that information pursuant to Section
40 82204 to the State Board of Equalization not later than 120 days

1 from the date on which this chapter becomes operative. After the
2 date on which this chapter becomes operative, the department
3 may submit information on additional retail water suppliers,
4 including those retail water suppliers with fewer than 300
5 connections, to the State Board of Equalization for billing
6 purposes.

7 82203. Not later than 200 days from the date on which this
8 chapter becomes operative, the State Board of Equalization shall
9 provide written notice to retail water suppliers with regard to the
10 requirement to pay the capacity charge. The capacity charge for
11 each retail water supplier shall begin to accrue on the first day of
12 the calendar month following a period of 90 days from the date
13 on which the notice was received.

14 82204. (a) Each retail water supplier shall provide the
15 department with its current business address and the number and
16 types of water connections it serves not later than 60 days from
17 the date on which this chapter becomes operative.

18 (b) Each retail water supplier shall compute its capacity charge
19 each year based on the number and types of water connections
20 existing in its service area on January 1 of each calendar year and
21 in accordance with the schedule, and provide this information to
22 the department and the State Board of Equalization.

23 82205. If a retail water supplier's billing system does not
24 recognize the water user types identified in Section 82200, the
25 retail water supplier shall use its best available information to
26 compute its capacity charge. If not information can reasonably be
27 generated to distinguish the water user types, all water
28 connections shall be computed based on the single family
29 connection rate.

30 82210. The State Board of Equalization shall collect the
31 capacity charge imposed pursuant to this chapter under the Fee
32 Collection Procedures Law (Part 30 (commencing with Section
33 55001) of Division 2 of the Revenue and Taxation Code). For the
34 purposes of this section, "feepayer," within the meaning of the
35 Fee Collection Procedures Law, shall include a retail water
36 supplier.

37 82211. (a) The capacity charge for each retail water supplier
38 for each calendar year shall be due and payable to the State
39 Board of Equalization on or before July 1 of the following
40 calendar year. The payments shall be accompanied by a return in

1 the form prescribed by the State Board of Equalization,
2 including, but not limited to, electronic media.

3 (b) If the State Board of Equalization deems it necessary in
4 order to ensure payment, or to facilitate the collection by the
5 state, of the capacity charges, the State Board of Equalization
6 may require returns and payment of the capacity charges for any
7 other period.

8 82212. Notwithstanding any other provision of law, the State
9 Board of Equalization may prescribe, adopt, and enforce
10 regulations relating to the administration and enforcement of the
11 capacity charge imposed on retail water suppliers pursuant to this
12 chapter.

13 82213. (a) Not later than 120 days after the date on which
14 chapter becomes operative, the department shall provide the State
15 Board of Equalization with a list of retail water suppliers in this
16 state and their addresses.

17 (b) The department shall notify the State Board of
18 Equalization each year of any new retail water supplier identified
19 by the department.

20 82215. The imposition of the capacity charge in accordance
21 with this article is a matter of statewide interest and concern, and
22 is applicable uniformly throughout the state.

23 82216. The Legislature finds and declares that the imposition
24 of a capacity charge would not constitute the imposition of a tax
25 within the meaning of Article XIII A of the California
26 Constitution, because the amount and nature of the capacity
27 charge has a fair and reasonable relationship to the needs of this
28 state and its residents for clean, reliable, sustainable water
29 supplies and to the establishment of a stable source of revenue
30 for integrated regional water management to meet those needs.

31 82217. (a) The department and the State Board of
32 Equalization may each adopt regulations to implement and
33 enforce this chapter as emergency regulations.

34 (b) The emergency regulations adopted pursuant to
35 subdivision (a) shall be adopted in accordance with Chapter 3.5
36 (commencing with Section 11340) of Part 1 of Division 3 of Title
37 2 of the Government Code, and for the purposes of that chapter,
38 including Section 11349.6 of the Government Code, the adoption
39 of these regulations is an emergency, and shall be considered by
40 the Office of Administrative Law as necessary for the immediate

1 preservation of the public peace, health, safety, and general
 2 welfare. Notwithstanding Chapter 3.5 (commencing with Section
 3 11340) of Part 1 of Division 3 of Title 2 of the Government
 4 Code, any emergency regulations adopted by the commission or
 5 the State Board of Equalization pursuant to this section shall be
 6 filed with, but not be repealed by, the Office of Administrative
 7 Law, and shall remain in effect for a period of two years or until
 8 revised by the department or the State Board of Equalization,
 9 whichever occurs sooner.

10
 11
 12

CHAPTER 9. FISCAL PROVISIONS

13 82300. (a) Bonds in the total amount of three billion dollars
 14 (\$3,000,000,000), not including the amount of any refunding
 15 bonds issued in accordance with Section 82309, or so much
 16 thereof as is necessary, may be issued and sold to provide a fund
 17 to be used for carrying out the purposes expressed in this division
 18 and to reimburse the General Obligation Bond Expense
 19 Revolving Fund pursuant to Section 16724.5 of the Government
 20 Code. The bonds, when sold, shall be and constitute valid and
 21 binding obligations of the State of California, and the full faith
 22 and credit of the State of California is hereby pledged for the
 23 punctual payment of both principal of, and interest on, the bonds
 24 as the principal and interest become due and payable.

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

30 82301. The bonds authorized by this division shall be
 31 prepared, executed, issued, sold, paid, and redeemed as provided
 32 in the State General Obligation Bond Law, and all of the
 33 provisions of that law apply to the bonds and to this division and
 34 are hereby incorporated in this division as though set forth in full
 35 in this division.

36 82302. There shall be collected each year and in the same
 37 manner and at the same time as other state revenue is collected,
 38 in addition to the ordinary revenues of the state, a sum in an
 39 amount required to pay the principal of, and interest on, the
 40 bonds each year, and it is the duty of all officers charged by law

1 with any duty in regard to the collection of the revenue to do and
2 perform each and every act which is necessary to collect that
3 additional sum.

4 82303. Notwithstanding Section 13340 of the Government
5 Code, there is hereby appropriated from the General Fund in the
6 State Treasury, for the purposes of this division, an amount that
7 will equal the total of the following:

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

11 (b) The sum that is necessary to carry out the provisions of
12 Section 82306, appropriated without regard to fiscal years.

13 82304. The department may request the Pooled Money
14 Investment Board to make a loan from the Pooled Money
15 Investment Account, including other authorized forms of interim
16 financing that include, but are not limited to, commercial paper,
17 in accordance with Section 16312 of the Government Code, for
18 the purpose of carrying out this division. The amount of the
19 request shall not exceed the amount of the unsold bonds that the
20 committee has, by resolution, authorized to be sold for the
21 purpose of carrying out this division. The department shall
22 execute those documents required by the Pooled Money
23 Investment Board to obtain and repay the loan. Any amounts
24 loaned shall be deposited in the fund to be allocated by the
25 department in accordance with this division.

26 82305. Notwithstanding any other provision of this division,
27 or of the State General Obligation Bond Law, if the Treasurer
28 sells bonds that include a bond counsel opinion to the effect that
29 the interest on the bonds is excluded from gross income for
30 federal tax purposes under designated conditions, the Treasurer
31 may maintain separate accounts for the bond proceeds invested
32 and for the investment earnings on those proceeds, and may use
33 or direct the use of those proceeds or earnings to pay any rebate,
34 penalty, or other payment required under federal law or take any
35 other action with respect to the investment and use of those bond
36 proceeds, as may be required or desirable under federal law in
37 order to maintain the tax-exempt status of those bonds and to
38 obtain any other advantage under federal law on behalf of the
39 funds of this state.

1 82306. For the purposes of carrying out this division, the
2 Director of Finance may authorize the withdrawal from the
3 General Fund of an amount or amounts not to exceed the amount
4 of the unsold bonds that have been authorized by the committee
5 to be sold for the purpose of carrying out this division. Any
6 amounts withdrawn shall be deposited in the fund. Any money
7 made available under this section shall be returned to the General
8 Fund, with interest at the rate earned by the money in the Pooled
9 Money Investment Account, from proceeds received from the
10 sale of bonds for the purpose of carrying out this division.

11 82307. All money deposited in the fund that is derived from
12 premium and accrued interest on bonds sold pursuant to this
13 division shall be reserved in the fund and shall be available for
14 transfer to the General Fund as a credit to expenditures for bond
15 interest.

16 82308. Pursuant to Chapter 4 (commencing with Section
17 16720) of Part 3 of Division 4 of Title 2 of the Government
18 Code, the cost of bond issuance shall be paid out of the bond
19 proceeds. These costs shall be shared proportionately by each
20 program funded through this bond act.

21 82309. The bonds issued and sold pursuant to this division
22 may be refunded in accordance with Article 6 (commencing with
23 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
24 the Government Code, which is a part of the State General
25 Obligation Bond Law. Approval by the electors of the state for
26 the issuance of the bonds under this division shall include
27 approval of the issuance of any bonds issued to refund any bonds
28 originally issued under this division or any previously issued
29 refunding bonds.

30 82310. The Legislature hereby finds and declares that,
31 inasmuch as the proceeds from the sale of bonds authorized by
32 this division are not “proceeds of taxes” as that term is used in
33 Article XIII B of the California Constitution, the disbursement of
34 these proceeds is not subject to the limitations imposed by that
35 article.

36 SEC. 2. Division 33 (commencing with Section 83000) is
37 added to the Water Code, to read:

1 DIVISION 33. FLOOD PROTECTION AND CLEAN,
2 SAFE, RELIABLE WATER SUPPLY BOND AND
3 FINANCING ACT OF 2010
4

5 CHAPTER 1. SHORT TITLE
6

7 83000. This division shall be known and may be cited as the
8 Flood Protection and Clean, Safe, Reliable Water Supply Bond
9 and Financing Act of 2010.
10

11 CHAPTER 2. FINDINGS
12

13 83001. The Legislature finds and declares all of the following
14 regarding flood protection and integrated regional water
15 management.

16 (a) Regarding flood protection, the Legislature finds and
17 declares all of the following:

18 (1) The state has a compelling interest in ensuring the
19 reliability of its flood control systems to protect lives and
20 property, and to protect statewide economic interests dependent
21 on water exported through the Sacramento-San Joaquin Delta.

22 (2) There is an increasing need for the maintenance and
23 improvement of flood protection projects in the central valley to
24 lessen the risk of flooding in light of the growth of the population
25 and the aging of the existing flood control system.

26 (3) Maintenance and upgrades of critical flood management
27 infrastructure must be expedited.

28 (4) Urban areas and areas that are becoming urbanized that are
29 protected against flooding by levees face high potential risks for
30 loss of life and property damage during future floods. These
31 areas should be given high priority in funding flood protection
32 projects and these areas should seek high levels of flood
33 protection with a minimum goal of protecting against a flood
34 with a 1-in-200 annual chance of occurrence.

35 (5) The state has a strong interest in funding construction of
36 federal flood control projects throughout the state by reimbursing
37 to local agencies acting as nonfederal project sponsors and that,
38 without this state funding, important projects will be delayed, the
39 public will unnecessarily remain at risk of suffering flood

1 damage, and federal flood control investments in the state may
2 not occur.

3 (6) The federal government has traditionally been a major
4 partner in any significant flood control project in the state, and
5 the federal government has an obligation and duty to continue its
6 lead role in providing flood protection to the citizens of the state.

7 (7) Local beneficiaries should equitably share in the cost of
8 repairs and improvements to flood management projects,
9 recognizing constraints on ability to pay may result in different
10 expectations of contributions from different communities.

11 (8) The state needs to have an effective flood preparedness and
12 emergency response program.

13 (9) Accurate floodplain maps provide flood risk information
14 that is essential for wise use of floodplains, administration of
15 insurance programs, land use decisions, emergency planning and
16 response, and education of floodplain residents and businesses.

17 (10) Ecosystem restoration of riparian habitat along Central
18 Valley streams provides both environmental benefits and direct
19 flood benefits, and can also provide advance mitigation for flood
20 control activities and projects.

21 (11) Improvements to the State Plan of Flood Control shall
22 include traditional levee and channel repairs and upgrades and, if
23 feasible, shall also include nontraditional approaches to flood
24 management to preserve and enhance environmental resources
25 and fluvial functions, including the use of setback levees, bypass
26 channels, acquisition of flood easements, and biotechnical
27 stabilization for sites subject to erosion.

28 (b) Regarding integrated regional water management, the
29 Legislature finds and declares all of the following:

30 (1) California must make substantial investments to provide
31 clean, safe, and reliable water for a growing population and meet
32 future water management needs.

33 (2) It is in the interests of all Californians to provide a safe,
34 clean, affordable, and sufficient water supply to meet the needs
35 of residents, farms, businesses, and the environment.

36 (3) Sustainable economic development requires that water
37 resources planning be integrated with other natural resources
38 management.

1 (4) Local agencies and governments can realize efficiencies by
2 coordinating and integrating their assets and seeking mutual
3 solutions to water management issues.

4 (5) The reliability of water supplies can be significantly
5 improved by diversifying water portfolios, taking advantage of
6 local and regional opportunities, and considering a broad variety
7 of water management strategies as described in the California
8 Water Plan.

9 (6) The implementation of this act will assist each region of
10 the state to improve water supply reliability, water quality, and
11 environmental stewardship to meet current and future needs.

12
13 CHAPTER 3. DEFINITIONS

14
15 83002. Unless the context otherwise requires, the definitions
16 set forth in this chapter govern the construction of this division.

17 (a) “Board” means the Reclamation Board.

18 (b) “Committee” means the Flood Protection and Clean, Safe,
19 Reliable Water Supply Finance Committee, created by Section
20 83010.

21 (c) “Department” means the Department of Water Resources.

22 (d) “Director” means the Director of Water Resources.

23 (e) “Fund” means the Flood Protection and Clean, Safe,
24 Reliable Water Supply Bond Fund of 2010, created by Section
25 83020.

26 (f) “State General Obligation Bond Law” means the State
27 General Obligation Bond Law (Chapter 4 (commencing with
28 Section 16720) of Part 3 of Division 4 of Title 2 of the
29 Government Code).

30
31 CHAPTER 4. GENERAL PROVISIONS

32
33 83010. (a) Solely for the purpose of authorizing the issuance
34 and sale, pursuant to the State General Obligation Bond Law, of
35 the bonds authorized by this division, the Flood Protection and
36 Clean, Safe, Reliable Water Supply Finance Committee is hereby
37 created. For purposes of this division, the Flood Protection and
38 Clean, Safe, Reliable Water Supply Finance Committee is the
39 “committee” as that term is used in the State General Obligation
40 Bond Law.

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

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

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

11 83010.5. The committee shall determine whether or not it is
12 necessary or desirable to issue bonds authorized pursuant to this
13 division in order to carry out the actions specified in this division
14 and, if so, the amount of bonds to be issued and sold. Successive
15 issues of bonds may be authorized and sold to carry out those
16 actions progressively, and it is not necessary that all of the bonds
17 authorized to be issued be sold at any one time.

18 83011. "Board," as defined in Section 16722 of the
19 Government Code for purposes of compliance with the State
20 General Obligation Bond Law, means the department.

21 83013. (a) The department or the board may adopt
22 regulations as necessary to implement this division or any part
23 thereof.

24 (b) The department or the board may adopt regulations as
25 necessary to implement this division or any part thereof as
26 emergency regulations in accordance with Chapter 3.5
27 (commencing with Section 11340) of Part 1 of Division 3 of Title
28 2. The adoption of the regulations shall be deemed to be an
29 emergency and necessary for the immediate preservation of the
30 public peace, health and safety, or general welfare.
31 Notwithstanding subdivision (e) of Section 11346.1 of the
32 Government Code, the regulations shall not remain in effect for
33 more than two years unless the department complies with all
34 provisions of that Chapter 3.5 as required by subdivision (e) of
35 Section 11346.1 of the Government Code.

36 83014. It is the intention of the people that the investment of
37 public funds pursuant to this division should result in public
38 benefits.

39 83015. It is the intention of the people that any public funds
40 made available by this division investor-owned utilities regulated

1 by the Public Utilities Commission will be for the benefit of the
2 rate payers and not the investors pursuant to oversight by the
3 Public Utilities Commission.

4
5 CHAPTER 5. FLOOD PROTECTION AND CLEAN, SAFE, RELIABLE
6 WATER SUPPLY BOND FUND OF 2010

7
8 83020. The proceeds of bonds issued and sold pursuant to this
9 division shall be deposited in the Flood Protection and Clean,
10 Safe, Reliable Water Supply Bond Fund of 2010, which is hereby
11 created.

12
13 CHAPTER 6. FLOOD PROTECTION PROGRAM

14
15 Article 1. Definitions

16
17 83030. Unless the context otherwise requires, the definitions
18 set forth in this section govern the construction of this chapter.

19 (a) "Delta" means the area of the Sacramento-San Joaquin
20 Delta as defined in Section 12220.

21 (b) "Facilities of the State Plan of Flood Control" means the
22 levees, weirs, channels, and other features of the federal and state
23 authorized flood control facilities located in the Sacramento and
24 San Joaquin Rivers drainage basin for which the board or the
25 department has given the nonfederal assurances to the United
26 States required for the project, and those facilities identified in
27 Section 8361.

28 (c) "Flood Control System Status Report" means the most
29 recently completed report prepared by the department that used
30 available information to describe and locate all facilities,
31 including all levees, canals, weirs, bypasses, and pumps, that
32 comprise the state plan of flood control, and to evaluate the
33 performance and deficiencies of these facilities.

34 (d) "Project levees" means the levees that are part of the
35 facilities of the state plan of flood control.

36 (e) "Rural areas" means all areas within the jurisdiction of the
37 board that are not defined as "urban areas."

38 (f) "State Plan of Flood Control" means the state and federal
39 flood control works, lands, programs, plans, conditions, and
40 mode of maintenance and operations of the Sacramento River

1 Flood Control Project described in Section 8350, and of flood
 2 control projects in the Sacramento River and San Joaquin River
 3 watersheds authorized pursuant to Article 2 (commencing with
 4 Section 12648) of Chapter 2 of Part 6 of Division 6 for which the
 5 board or the department has provided the nonfederal assurances
 6 to the United States, which shall be updated by the department
 7 and compiled into one document entitled “The State Plan of
 8 Flood Control.”

9 (g) “Urban areas” means any contiguous area in which more
 10 than 10,000 residents are protected by project levees.

11
 12 Article 2. Flood Protection Account

13
 14 83035. For the purposes of this chapter, “account” means the
 15 Flood Protection Account created by Section 83036.

16 83036. The Flood Protection Account is hereby created in the
 17 fund. The sum of one billion five hundred million dollars
 18 (\$1,500,000,000) is hereby transferred from the fund to the
 19 account for grants and expenditures to implement this chapter.

20
 21 Article 3. Project Levee and Facilities Repairs

22
 23 83038. (a) There is hereby created in the account the Project
 24 Levee and Facilities Repairs Subaccount.

25 (b) The sum of three hundred million dollars (\$300,000,000) is
 26 hereby transferred from the account to the Project Levee and
 27 Facilities Repairs Subaccount for the purposes of implementing
 28 this article.

29 83039. The department shall utilize information collected in
 30 the most recent report on the status of the state flood control
 31 system to determine the need for levee repairs and other needed
 32 improvements to facilities of the state plan of flood control. The
 33 department shall prioritize needs identified in the report, and
 34 shall submit this information to the board for its review and
 35 comment.

36 83041. The funds in the Project Levee and Facilities Repairs
 37 Subaccount, upon appropriation by the Legislature, may be
 38 expended by the department or the board for evaluating and
 39 repairing facilities of the State Plan of Flood Control, including,
 40 but not limited to, undertaking the following actions:

1 (a) A minimum of one hundred million (\$100,000,000) to
2 perform erosion repairs and channel and bypass sediment
3 removal work in areas maintained by the department or by local
4 agencies.

5 (b) A minimum of one hundred million (\$100,000,000) to
6 evaluate, repair, or replace levees and any other facilities of the
7 State Plan of Flood Control.

8 (c) To implement mitigation measures for any project
9 undertaken pursuant to this section.

10 83043. (a) The funds in the subaccount, upon appropriation
11 by the Legislature, may be expended by the board or the
12 department for any project authorized by this article without the
13 availability of federal cost sharing funds pursuant to a
14 determination by the department that the project is urgently
15 needed to protect public safety and property.

16 (b) The funds in the subaccount may be expended by the board
17 or the department, upon appropriation therefor, to advance cost
18 shared funds to the federal government.

19 (c) The Legislature, having found that maintenance and
20 upgrades of critical flood management infrastructure should be
21 expedited, authorizes the department or the board, upon
22 appropriation therefor, to expend funds in the subaccount for
23 advance work by the department, the board, or local agencies
24 under Section 104 of the federal Water Resources Development
25 Act of 1986 (33 U.S.C. Sec. 2214), Section 215 of the federal
26 Water Resources Development Act of 1968 (42 U.S.C. Sec.
27 1962d-5a), or similar federal authority, and for any feasibility
28 studies or documents needed to secure federal authorization and
29 reimbursement or crediting for eligible costs and to undertake
30 flood control system improvements that the department or the
31 board have determined require immediate attention.

32 83044. (a) Erosion repairs funded by this subaccount along
33 levees identified in Section 8361 may be cost shared with the
34 federal government, or performed by the department without cost
35 sharing subject to a determination made by the department in
36 accordance with subdivision (a) of Section 82043.

37 (b) All erosion repairs funded by the subaccount that are cost
38 shared with the federal government shall not require a local cost
39 share, upon a finding by the department that a local cost share is

1 not in the public interest. Otherwise, the local cost share shall be
2 as specified in subdivision (c).

3 (c) All erosion repairs funded by the subaccount that are not
4 for levees identified in Section 8361, and that are not cost shared
5 with the federal government, shall be cost shared with local
6 agencies. For these repairs, the department may perform the work
7 or grant reimbursement to local agencies for their costs of
8 performing the work. For the purposes of this section, a state
9 maintenance area formed pursuant to Section 12878 shall be
10 treated as a local agency. Cost sharing requirements with local
11 agencies for erosion repairs shall be as follows:

12 (1) The department shall determine for each erosion repair site
13 whether the erosion threatens a levee which protects an urban
14 area or a rural area. Areas that are identified as urban areas shall
15 pay 30 percent of the total cost, and areas that are identified as
16 rural areas shall pay 15 percent of the total cost.

17 (2) Costs for establishing and maintaining any mitigation bank
18 used to mitigate environmental impacts of erosion repairs shall
19 be shared in accordance with the criteria described in paragraph
20 (1).

21 (3) Eligible costs for sharing with local beneficiaries shall
22 include the costs of design, environmental compliance and
23 permitting, construction, construction contract administration,
24 environmental mitigation, and monitoring for up to three years
25 after completion of construction work, as determined by the
26 department.

27 (d) For any erosion repair work, the local agency responsible
28 for operating and maintaining the levee at or adjacent to the
29 erosion repair work shall indemnify and hold the state harmless
30 from any and all liability for damages associated with the work.
31 Upon completion of the work, the local maintaining agency shall
32 be responsible for maintenance of the work in perpetuity in
33 accordance with standards established by the United States Army
34 Corps of Engineers or the board.

35 83045. (a) Local agency cost sharing for levee evaluations
36 and repairs funded from the subaccount is not required. Repairs
37 needed to address poor levee maintenance or erosion of the
38 channel bank or levee surface are not eligible for funding under
39 this section. The department may perform levee repairs or grant
40 reimbursement to local agencies performing the levee repairs.

1 (b) For any levee repair work, the local agency responsible for
2 operating and maintaining the levee at, or adjacent to, the levee
3 repair work shall indemnify and hold the state harmless from any
4 and all liability for damages associated with the work. Upon
5 completion of the work, the local maintaining agency shall be
6 responsible for maintenance of the work in perpetuity in
7 accordance with standards established by the United States Army
8 Corps of Engineers or the board.

9 (c) The economic benefits of the levee repairs shall be
10 evaluated by the department according to standard methods.
11 Levee repairs for which the costs exceed the benefits shall be
12 given low priority. However, the department and the board may
13 purchase flowage easements in areas assigned low priority for
14 repair.

15 83046. (a) Funds in the subaccount may be used by the
16 department to carry out sediment removal work to restore design
17 capacity on all channels of the Sacramento River and tributaries
18 without a local cost share.

19 (b) Sediment removal to restore design capacity on all
20 channels of the State Plan of Flood Control other than the
21 Sacramento River and tributaries may be reimbursed from the
22 subaccount on a cost shared basis. The local share shall not be
23 less than 30 percent.

24 (c) Eligible costs for sharing with local beneficiaries for
25 sediment removal projects allowed in subdivision (b) shall
26 include the costs of design, environmental compliance and
27 permitting, construction, construction contract administration,
28 environmental mitigation, and monitoring for up to three years
29 after completion of construction work, as determined by the
30 department.

31

32 Article 4. Flood Control System Improvements

33

34 83050. (a) There is hereby created in the account the Flood
35 Control System Improvements Subaccount.

36 (b) The sum of two hundred million dollars (\$200,000,000) is
37 hereby transferred from the account to the Flood Control System
38 Improvements Subaccount for the purposes of implementing this
39 article.

1 83051. (a) The funds in the Flood Control System
2 Improvements Subaccount, upon appropriation by the
3 Legislature, shall be expended for improving or adding facilities
4 to the State Plan of Flood Control to provide high levels of flood
5 protection for urban areas and for related habitat restoration, and
6 prioritized needs established in association with the flood control
7 system status report.

8 (b) The funds in the subaccount are available, upon
9 appropriation therefor, for state financial participation in federal
10 and state authorized flood control and ecosystem restoration
11 projects, and feasibility studies and design of federal flood
12 damage reduction and related ecosystem restoration projects. The
13 funds in the subaccount may be expended by the board or the
14 department, upon appropriation therefor, to advance cost shared
15 funds to the federal government.

16 (c) The Legislature, having found that maintenance and
17 upgrades of critical flood management infrastructure should be
18 expedited, authorizes the department or the board to expend
19 funds in the subaccount, upon appropriation therefor, for any of
20 the following purposes:

21 (1) For advance work under Section 104 of the federal Water
22 Resources Development Act of 1986 (33 U.S.C. Sec. 2214),
23 Section 215 of the federal Water Resources Development Act of
24 1968 (42 U.S.C. Sec. 1962d-5a), or any other similar federal
25 authority, and for any feasibility studies or documents needed to
26 secure federal authorization and reimbursement or credit for
27 eligible costs.

28 (2) To undertake flood control system improvements that the
29 department or the board has determined require immediate
30 attention.

31 83052. Prior to construction, the local agency and each city
32 and county receiving flood protection from the project shall
33 indemnify and hold the state harmless from any and all liability
34 for damages associated with the work. Upon completion of the
35 work, the local maintaining agency shall be responsible for
36 maintenance of the work in perpetuity in accordance with
37 standards established by the United States Army Corps of
38 Engineers or the board.

39 83054. (a) The state's cost share for funds provided from the
40 subaccount shall be fully cost shared with local agencies at the

1 time each invoice is due in accordance with the cost sharing
2 requirements of Sections 12585.5 and 12585.7, whichever
3 applies. The local cost share for any ecosystem restoration work
4 associated with these projects shall be not less than 30 percent of
5 the nonfederal share of the ecosystem restoration portion of the
6 project. If the board is currently levying and collecting
7 assessments from at least 75 percent of the acreage of lands
8 benefitting from the state plan of flood control, the state cost
9 share for available funds in the subaccount will increase to 75
10 percent of the nonfederal project costs for both flood control and
11 ecosystem restoration components of the project.

12 (b) The state may fully fund the federal cost of design and
13 construction performed in advance under Section 104 of the
14 federal Water Resources Development Act of 1986 (33 U.S.C.
15 Sec. 2214), Section 215 of the federal Water Resources
16 Development Act of 1968 (42 U.S.C. Sec. 1962d-5a), or similar
17 federal authority, without requiring a local cost share, except for
18 the local share of the nonfederal design and construction costs.

19 (c) Any subaccount expenditures pursuant to subdivision (b)
20 that are not reimbursed or credited by the federal government
21 within ten years of execution of the agreement under Section 104
22 of the federal Water Pollution Control Act (33 U.S.C. Sec. 1376
23 et seq.), or similar federal agreement, shall be shared with the
24 local project sponsor in the ratio of 70 percent state financial
25 participation and 30 percent local financial participation.

26

27 Article 5. Delta Levee Subventions and Special Projects

28

29 83060. (a) There is hereby created in the account the Delta
30 Levee Subventions and Special Projects Subaccount.

31 (b) The sum of seven hundred million dollars (\$700,000,000)
32 is hereby transferred from the account to the Delta Levee
33 Subventions and Special Projects Subaccount for the purposes of
34 implementing this article.

35 83061. The funds in the Delta Levee Subventions and Special
36 Projects Subaccount, upon appropriation by the Legislature, may
37 be expended by the department or the board for any of the
38 following purposes:

39 (a) Up to sixty million dollars (\$60,000,000) for
40 implementation and administration of the Delta Levees

1 Maintenance Subventions Program, as described in Part 9
2 (commencing with Section 12980) of Division 6, to work with
3 any city, county, district, or other political subdivision in the state
4 that is authorized to maintain levees in the delta and Suisun
5 Marsh to preserve and improve existing project and nonproject
6 levees in accordance with the delta-specific standard prescribed
7 by Public Law 84-99 consistent with the CALFED Record of
8 Decision, department goals and objectives, and the
9 recommendations to be developed pursuant to the “Delta Risk
10 Management Strategy.” Funds for the Delta Levees and
11 Maintenance Subventions Program shall not be dispersed until
12 the board has adopted regulations for the implementation and
13 administration of this program that incorporate the findings and
14 recommendations from the “Delta Risk Management Strategy.”

15 (b) Up to six hundred forty million dollars (\$640,000,000) for
16 implementation and administration of the Delta Special Flood
17 Control Projects Program, as described in Chapter 2
18 (commencing with Section 12310) of Part 4.8 of Division 6 for
19 flood management projects in the delta and Suisun Marsh.
20 Projects funded under this section shall contribute to the
21 reduction of risks to statewide interests associated with potential
22 catastrophic breaching of delta and Suisun Marsh levees and may
23 include any of the following actions:

24 (1) Planning, design, and initial construction of
25 seismically-resistant levee improvements, setback levees, and
26 plan form changes for critical levee reaches as identified or
27 recommended by the Delta Risk Management Strategy, or
28 identified by other state initiatives, as prioritized by the
29 department. Levee stability improvement, setback levees, and
30 plan form change funding shall include the costs for mitigation of
31 unavoidable environmental damage associated with levee work.

32 (2) Static and flood stability levee improvements, including
33 improvement of static stability in accordance with the
34 delta-specific standard prescribed by Public Law 84-99 or
35 standards to be recommended by the “Delta Risk Management
36 Strategy”, and any additional improvements that may be
37 approved by the department. Levee stability improvement
38 funding shall include the costs for mitigation of unavoidable
39 environmental damage associated with levee work.

1 (3) Additional study and levee improvements recommended
2 by the “Delta Risk Management Strategy” to mitigate for the
3 long-term effects of sea-level rise, subsidence, seepage, and
4 seismic forces.

5 (4) Catastrophe mitigation actions, including but not
6 necessarily limited to, emergency response planning; real-time
7 hydraulic and water quality modeling, coordination efforts; staff
8 training; working with counties in the delta on joint response;
9 purchasing and stockpiling of flood fight and levee repair
10 materials, including rock and barge equipment; acquisition of
11 property for necessary plan form changes; and other delta flood
12 control activities approved by the department.

13 (5) Development of mitigation banks and their long-term
14 maintenance to cover unavoidable habitat losses resulting from
15 levee improvement.

16 (6) Development of legally required programmatic
17 environmental enhancements and their long-term maintenance.

18 (7) Cost sharing with the federal government for studies and
19 feasibility investigations of delta levee improvements.

20 (8) Cost sharing with reclamation districts on federal projects
21 for construction of levee improvements where the state is not the
22 local sponsor.

23 (9) Projects and policy changes that arrest and contribute to
24 reversal of subsidence.

25 (10) The Legislature, having found that maintenance and
26 upgrades of critical flood management infrastructure should be
27 expedited, authorizes the department or the board to provide
28 funds in the subaccount, upon appropriation therefor, for advance
29 work by reclamation districts under Section 104 of the federal
30 Water Resources Development Act of 1986 (33 U.S.C. Sec.
31 2214), Section 215 of the federal Water Resources Development
32 Act of 1968 (42 U.S.C. Sec. 1962d-5a), or similar federal
33 authority for levee improvements in the delta, and for flood
34 control system improvements that the department or the board
35 has determined require immediate attention.

36

37 Article 6. Flood Control Subventions Program

38

39 83065. (a) There is hereby created in the account the Flood
40 Control Subventions Subaccount.

1 (b) The sum of two hundred million dollars (\$200,000,000) is
2 hereby transferred from the account to the Flood Control
3 Subventions Subaccount for the purposes of implementing this
4 article.

5 83066. (a) Notwithstanding Section 13340 of the
6 Government Code, or any other provision of law, the funds in the
7 subaccount are hereby continuously appropriated, without regard
8 to fiscal years, to the department to provide payment for the
9 state's share of the nonfederal costs of flood control and flood
10 prevention projects adopted and authorized, as of January 1,
11 2011, under the State Water Resources Law of 1945 (Chapter 1
12 (commencing with Section 12570) of, and Chapter 2
13 (commencing with Section 12639) of, Part 6 of Division 6), the
14 Flood Control Law of 1946 (Chapter 3 (commencing with
15 Section 12800) of Part 6 of Division 6), and the California
16 Watershed Protection and Flood Prevention Law (Chapter 4
17 (commencing with Section 12850) of Part 6 of Division 6),
18 including the credits and loans to local agencies pursuant to
19 Sections 12585.3 and 12585.4, subdivision (d) of Section
20 12585.5, and Sections 12866.3 and 12866.4, and to implement
21 Chapter 3.5 (commencing with Section 12840) of Part 6 of
22 Division 6.

23 (b) The funds in the subaccount shall be allocated only to
24 projects that are not part of the State Plan of Flood Control.
25

26 Article 7. Floodway Corridor Program

27
28 83075. (a) There is hereby created in the account the
29 Floodway Corridor Subaccount.

30 (b) The sum of one hundred million dollars (\$100,000,000) is
31 hereby transferred from the account to the Floodway Corridor
32 Subaccount for the purposes of implementing this article.

33 83076. The funds in the Floodway Corridor Subaccount,
34 upon appropriation by the Legislature, may be expended by the
35 department for flood control projects along levees and channels
36 within the State Plan of Flood Control. In addition to the primary
37 purpose of flood risk reduction, the projects funded under this
38 subaccount may also provide agricultural land conservation
39 benefits, or habitat enhancement within or associated with
40 facilities of the state Plan of Flood Control if that habitat

1 enhancement may occur while maintaining design level capacity
2 for flood channel conveyance.

3 83076.5. (a) Funds from the subaccount, upon appropriation
4 therefor, may be expended for property rights acquisition, project
5 planning and design, permitting, project construction,
6 maintenance, mitigation, monitoring, and related costs. Project
7 costs may be shared with another agency or used in
8 private/public partnerships determined by the department to be in
9 the best interests of the state.

10 (b) Funds from the subaccount, upon appropriation therefor,
11 may be expended for setting back existing flood control levees,
12 removing levees, and constructing new levees, bypass channels,
13 and floodwater detention areas.

14 (c) Funds from the subaccount may not be expended for roads,
15 bridges, utilities, landscaping for aesthetic purposes, or urban
16 recreational facilities, except in cases where the facilities are
17 damaged by, or must be relocated because of, projects related to
18 flood protection that are funded or partially funded pursuant to
19 this article.

20 (d) Roads, bridges, and utilities necessary for the project may
21 be funded pursuant to this article.

22 (e) In acquiring land rights, priority shall be given to acquiring
23 easements from willing sellers.

24 (f) In order to ensure that property acquired under subdivision
25 (a) remains on the county tax roll and in agricultural use to the
26 greatest extent practicable, the acquisition of easements shall be
27 the preferred method of acquiring property interests unless the
28 acquisition of a fee interest is required for management purposes
29 or the landowner will only consider the sale of a fee interest in
30 the land. No acquisition of a fee interest shall be undertaken
31 under subdivision (a) until all practical alternatives have been
32 considered by the department.

33 (g) All proceeds received from the disposal of a fee interest
34 acquired under this article shall be deposited into the subaccount.

35 (h) Funds in the subaccount may be expended, upon
36 appropriation by the Legislature, to repair breaches in any flood
37 control facility developed pursuant to this article or caused by the
38 development of an easement or fee title property acquisition
39 program financed through this article and to repair water
40 diversion facilities or flood control facilities damaged by a

1 project developed pursuant to this article or financed pursuant to
2 this article.

3 (i) To ensure long term monitoring and maintenance of any
4 property acquired or facilities developed pursuant to this article,
5 a trust fund in the amount of not more than 30 percent of the cost
6 of acquisition or construction of the property or facility may be
7 established by the department. Interest from the trust fund may
8 be expended only to maintain or monitor the site or facility or to
9 pay service fees levied for the benefit of the site or facility, such
10 as fire protection and other special district fees. If title to the
11 property interest or facility is transferred to another agency, the
12 trust fund shall be transferred also. If the trust fund is no longer
13 needed for maintenance, monitoring or services fees, any
14 remaining funds in the trust fund shall be returned to the
15 subaccount or, if the subaccount is no longer in existence, to the
16 General Fund.

17

18 CHAPTER 7. INTEGRATED REGIONAL WATER MANAGEMENT
19 PROGRAM

20

21 Article 1. Definitions

22

23 83080. Unless the context otherwise requires, the definitions
24 set forth in this section govern the construction of this chapter.

25 (a) "Applicant" means an entity that submits a regional
26 proposal for grant funding in accordance with this chapter on
27 behalf of a region defined in an integrated regional water
28 management plan and enters into a funding agreement with the
29 department, and is one of the following:

30 (1) A public entity involved in water management, including
31 cities, counties, districts, joint powers authorities, or other
32 political subdivisions of the state.

33 (2) An accredited public or private university or college.

34 (3) A nonprofit organization qualified under Section 501(c)(3)
35 of the United States Internal Revenue Code.

36 (4) An Indian tribe.

37 (5) An incorporated mutual water company.

38 (6) An investor-owned utility regulated by the Public Utilities
39 Commission.

40 (7) A state agency.

1 (b) “Disadvantaged community” means a community located
2 in one of the regions identified in subdivision (b) of Section
3 83092 that has a median household income that is less than 80
4 percent of the median household income for the region as a
5 whole.

6 (c) “Integrated regional water management plan” means a plan
7 defined in Section 82131.

8 (d) “Participant” means an entity that is the sponsor or
9 proponent of a project or program included in a regional proposal
10 for funding submitted for the purposes of this chapter by an
11 applicant, and is one of the following:

12 (1) A public entity involved in water management, including
13 cities, counties, cities and counties, districts, joint powers
14 authorities, or other political subdivisions of the state.

15 (2) A public or private university or college.

16 (3) A nonprofit organization qualified under Section 501(c)(3)
17 of the United States Internal Revenue Code.

18 (4) An Indian tribe.

19 (5) An incorporated metal. water company.

20 (6) An investor-owned utility regulated by the Public Utilities
21 Commission.

22 (7) A state agency.

23

24 Article 2. Integrated Regional Water Management

25

26 83085. For the purposes of this chapter, “account” means the
27 Integrated Regional Water Management Account created by
28 Section 83086.

29 83086. (a) The Integrated Regional Water Management
30 Account is hereby created in the fund. The sum of four billion
31 five hundred million dollars (\$4,500,000,000) is hereby
32 transferred from the fund to the account and shall be available for
33 appropriation by the Legislature for grants and expenditures to
34 implement integrated regional water management and statewide
35 water management priorities as described in the California Water
36 Plan, as updated. The funds provided in this section shall be used
37 to improve water supply reliability and protect and improve
38 water quality for all beneficial uses.

39 (b) The department shall administer the funds made available
40 by this section in consultation with the State Water Resources

1 Control Board, the regional water quality control board, the State
 2 Department of Health Services, the Department of Fish and
 3 Game, the California Bay-Delta Authority or its successor, and
 4 other state agencies with water management authority and
 5 responsibility to ensure coordination and integration of state
 6 water resources programs and priorities.

7
 8
 9

Article 3. Regional Water Management Program

10 83090. (a) There is hereby created in the account the
 11 Regional Water Management Subaccount.

12 (b) Notwithstanding Section 16727 of the Government Code,
 13 the sum of two billion dollars (\$2,000,000,000) is hereby
 14 transferred from the account to the Regional Water Management
 15 Subaccount for the purposes of implementing this article.

16 83091. For the purposes of this chapter, the department shall
 17 apply the requirements for integrated regional water management
 18 plans established in accordance with Section 82176.

19 83092. (a) For funding purposes, the regions shall be
 20 identified in accordance with Section 82129.

21 (b) The sum of two billion dollars (\$2,000,000,000) shall be
 22 allocated according to the following schedule:

23

| | |
|---------------------------|---------------|
| (1) North Coast | \$90,000,000 |
| (2) San Francisco Bay | \$294,000,000 |
| (3) Central Coast | \$122,000,000 |
| (4) Los Angeles - Ventura | \$440,000,000 |
| (5) Santa Ana River | \$242,000,000 |
| (6) San Diego | \$196,000,000 |
| (7) Sacramento River | \$162,000,000 |
| (8) San Joaquin River | \$132,000,000 |
| (9) Tulare Lake | \$136,000,000 |
| (10) Lahontan | \$97,000,000 |
| (11) Colorado River Basin | \$89,000,000 |

37

38 (c) Not more than 5 percent of the funds provided by Section
 39 83090 may be used for grants and expenditures for the
 40 development, updating, or improvement of integrated regional

1 water management plans to meet the requirements established
2 pursuant to Section 83091.

3 83093. (a) Proposals receiving funds pursuant to this article
4 shall be consistent with an integrated regional water management
5 plan that meets the requirements established pursuant to Section
6 83091, and shall include one or more of the following eligible
7 project elements:

8 (1) Projects that reduce water demand through agricultural and
9 urban water use efficiency.

10 (2) Projects that increase water supplies, including
11 groundwater storage and conjunctive water management,
12 desalination, precipitation enhancement, water recycling,
13 regional and local surface storage, and the local share of surface
14 storage under the CALFED Bay-Delta Program.

15 (3) Projects that improve operational efficiency, including
16 conveyance facilities, system reoperation, and water transfers.

17 (4) Projects that improve water quality, including drinking
18 water treatment and distribution, groundwater and aquifer
19 remediation, matching water quality to water use, water pollution
20 prevention, and management of urban and agricultural runoff.

21 (5) Projects that improve resource stewardship, including
22 agricultural lands stewardship, ecosystem restoration, floodplain
23 management, recharge area protection, urban land-use
24 management, water dependent recreation, and watershed
25 management.

26 (b) The department shall give preference to proposals that
27 satisfy the following criteria:

28 (1) Proposals that effectively integrate water management
29 programs and projects within an entire region identified in
30 subdivision (a) of Section 83092.

31 (2) Proposals that effectively integrate water management with
32 land use planning.

33 (3) Proposals that effectively resolve significant water-related
34 conflicts within or between regions.

35 (4) Proposals that contribute to the attainment of one or more
36 of the objectives of the CALFED Bay-Delta Program.

37 (5) Proposals that address statewide water management
38 priorities.

39 (6) Proposals that address critical water supply or water
40 quality needs for disadvantaged communities within the region.

1 (7) Proposals that effectively integrate flood management into
2 the regional water management plan.

3 (8) Proposals and projects that provide multiple benefits.

4 (9) Proposals that are prepared to proceed to implementation
5 in a timely manner.

6 (c) Proposals receiving funds pursuant to this article shall
7 include a local cost share from nonstate sources of at least 50
8 percent of total costs of the proposal. The department may waive
9 or reduce the cost share requirement for projects that directly
10 benefit the water supply and water quality needs of
11 disadvantaged communities.

12 (d) Only a single proposal for funding shall be submitted from
13 any geographic area having an integrated regional water
14 management plan. One entity within the geographic area shall be
15 identified as the applicant, and other entities sponsoring projects
16 included in the proposal shall be identified as participants.

17 (e) To be eligible for funding, applicants and participants shall
18 meet all of the following requirements:

19 (1) Applicants and participants that are urban water suppliers
20 shall prepare, adopt, and submit an urban water management plan
21 to the department in compliance with the Urban Water
22 Management Planning Act (Part 2.6 (commencing with Section
23 10610) of Division 6).

24 (2) Applicants and participants that are agricultural water
25 suppliers shall prepare, adopt, and submit to the department an
26 agricultural water management consistent with Part 2.8
27 (commencing with Section 10800) of Division 6.

28 (3) For groundwater management, storage, and recharge
29 projects, and projects with potential groundwater impacts, the
30 applicant or participant responsible for such projects shall
31 demonstrate one or more of the following, as applicable:

32 (A) The preparation and implementation of a groundwater
33 management plan in compliance with Section 10753.7.

34 (B) Participation in, or agreement to be subject to, a
35 groundwater management plan, basin-wide management plan, or
36 other program or plan that meets the requirements of Section
37 10753.7.

38 (C) Compliance with requirements of an adjudication of water
39 rights in the subject groundwater basin.

1 83094. (a) The department shall establish a process to
2 allocate grants on a competitive basis within each of the regions
3 identified pursuant to Section 82129 among all proposals
4 meeting the requirements of this article.

5 (b) The department shall consult with the State Water
6 Resources Control Board, the regional water quality control
7 boards, the State Department of Health Services, the Department
8 of Fish and Game, the California Bay-Delta Authority or its
9 successor, and other state agencies with water management
10 responsibility and authority in development of the proposal
11 solicitation process and evaluation of proposals.

12 (c) If a single integrated regional water management plan
13 encompassing the interests and objectives of the region and
14 meeting the requirements of this article is developed for an entire
15 funding region identified in Section 82129, the department shall
16 defer to the project priorities included in that integrated regional
17 water management plan for funding purposes and review
18 proposals only for consistency with the requirements and
19 purposes of this article.

20 (d) If, in any funding region identified in Section 82129, there
21 is no integrated regional water management plan or plans that
22 meet the requirements established pursuant to Section 83091 at
23 the time of the grant selection process, the funds allocated to that
24 region shall not be reallocated to another region, but shall remain
25 reserved for the region until January 1, 2014. At that time, the
26 department may reallocate the funds to other regions consistent
27 with the purposes of this chapter.

28

29 Article 4. Statewide Water Management Program

30

31 83095. (a) There is hereby created in the account the
32 Statewide Water Management Subaccount.

33 (b) Notwithstanding Section 16727 of the Government Code,
34 the sum of two billion five hundred million dollars
35 (\$2,500,000,000) is hereby transferred from the account to the
36 Statewide Water Management Subaccount for grants and
37 expenditures by the department to support integrated regional
38 water management, fund interregional projects, and invest in
39 statewide projects and programs as follows:

1 83095.5. (a) The sum of one billion dollars (\$1,000,000,000)
2 shall be available to the department for the purposes of funding a
3 state cost share for construction of one or more of the surface
4 storage projects being investigated by the department under the
5 CALFED Bay-Delta Program and constructing conjunctive use
6 and groundwater storage projects that provide interregional
7 benefits.

8 (b) Expenditure of any portion of these funds on any surface
9 storage project is contingent upon a finding by the department
10 and the California Bay-Delta Authority, or its successor, that the
11 project is feasible, consistent with all applicable laws and
12 regulations, and will advance the objectives of the CALFED
13 Bay-Delta Program.

14 (c) Any state cost share for a surface storage project funded
15 pursuant to this section shall be limited to that portion of the total
16 project costs allocated to providing broad public benefits and
17 protecting and enhancing public trust resources, that provide
18 either of the following:

19 (1) Major river restoration, including riverine ecosystems and
20 fisheries habitat through flow, temperature, and diversion
21 management.

22 (2) (A) Water quality improvement of a major river or water
23 body that serves as a water supply source for more than one
24 region of the state and provides significant public trust resources.

25 (B) Flood control benefits, including increases in flood
26 reservation space in existing reservoirs by exchange for capacity
27 in a new offstream reservoir.

28 (C) Emergency response, including emergency water supplies
29 and flows for dilution and salinity repulsion following natural
30 disasters or acts of terrorism, or response to the effects of sea
31 level rise.

32 (D) Improved riverine processes.

33 (d) If more than one of the surface storage projects being
34 investigated by the department meets the requirements of
35 subdivision (b), funds provided pursuant to this section shall be
36 prioritized to the project that provides, or the projects that
37 provide, the greatest return for public investment as measured by
38 the magnitude and diversity of public benefits that would be
39 provided, compared to the state cost share for the project. The
40 department shall consider the project purposes included in

1 subdivision (c) in making this determination. The department
2 shall consult with the Department of Fish and Game, the State
3 Water Resources Control Board, the regional water quality
4 control boards, the State Department of Health Services, and the
5 California Bay-Delta Authority or its successor, and other state
6 agencies in allocating available funds to projects.

7 (e) State cost shares shall be integrated in a comprehensive
8 financing plan for each surface storage project that includes any
9 federal costs shares for federal interests identified in the project,
10 and any other local public agency or private cost share for water
11 supply or power generation benefits generated by the project.
12 Funds provided pursuant to this section shall only be expended
13 on a project if a comprehensive finance plan is developed and
14 implemented for that project that obligates recipients of project
15 benefits to pay an appropriate cost share for those benefits.

16 (f) The director shall present to the Legislature a determination
17 of intent to fund a state cost share for any surface storage project
18 prior to commitment of any funds provided by this section.

19 (g) If funds provided in this section are not allocated to a
20 project pursuant to the requirements of this section by January 1,
21 2015, or if, at any time, a finding is made by the department and
22 the California Bay-Delta Authority or its successor, that no
23 projects meet the requirements of this section, or that a portion of
24 the funds provided in this section are not needed to implement
25 projects that meet the requirements of this sections, these funds
26 may be reallocated for the purposes of grants and expenditures to
27 implement integrated regional water management plans and
28 statewide water management priorities pursuant to Chapter 7
29 (commencing with Section 82080) of Division 32.

30 83096. (a) The sum of five hundred million dollars
31 (\$500,000,000) shall be allocated to protect and improve water
32 quality, for purposes including, but not necessarily limited to,
33 any of the following:

34 (1) Obtaining federal matching funds by providing state cost
35 share through the Safe Drinking Water State Revolving Fund
36 established by Section 116760.30 of the Health and Safety Code
37 or the State Water Pollution Control Revolving Fund established
38 by Section 13477 of this code.

1 (2) Providing emergency funding for remediation or
2 containment of groundwater contamination to mitigate existing
3 and imminent threats to water supplies.

4 (3) Mitigating the impacts of urban and agricultural runoff and
5 drainage.

6 (b) The department shall consult with the State Water
7 Resources Control Board, the regional water quality control
8 boards and the State Department of Health Services in making
9 expenditures pursuant to this section.

10 (c) If any moneys are subsequently recovered from responsible
11 parties or other sources in satisfaction of obligations in
12 connection with which funds have been expended for the
13 purposes of paragraph (2) of subdivision (a), they shall constitute
14 reimbursement of those expenditures and be deposited in the
15 subaccount.

16 83098. The sum of five hundred million dollars
17 (\$500,000,000) shall be allocated for the advancement of water
18 resources and water quality science and technology including,
19 but not necessarily limited to, all of the following:

20 (a) Construction of desalination facilities and research and
21 development to address energy requirements and environmental
22 concerns related to desalination.

23 (b) Evaluation of climate change impacts on the state's water
24 supply and flood control systems.

25 (c) Development and implementation of water conservation
26 technology.

27 (d) Development of data and analytical tools to support
28 statewide water evaluation and planning.

29 (e) Performing the activities of the science program of the
30 California Bay-Delta Authority or its successor.

31 83099. The sum of five hundred million dollars
32 (\$500,000,000) shall be allocated for resource stewardship and
33 ecosystem restoration, including all of the following:

34 (a) Restoration of the San Joaquin River system.

35 (b) Restoration of the Sacramento-San Joaquin Delta.

36 (c) Habitat conservation planning and implementation.

37 (d) Conservation easements on agricultural land.

38 (e) Restoration of the Salton Sea.

39 (f) Other ecosystem restoration projects and programs.

1 (g) Up to fifty million dollars (\$50,000,000) shall be allocated
2 for costs incurred for the enhancement of fish and wildlife or for
3 the development of public recreation pursuant to Section 11912.

4 83100. On or after January 1, 2014, if the director presents to
5 the Legislature a determination that the amounts allocated in
6 Sections 83096 to 83099, inclusive, are in excess of the amount
7 needed to address the purposes of each section, and other
8 priorities require additional funding, the funds may be reallocated
9 for any of the purposes of this article, or for grants to implement
10 integrated regional water management plans pursuant to this
11 article.

12
13 CHAPTER 8. FISCAL PROVISIONS
14

15 83120. (a) Bonds in the total amount of six billion dollars
16 (\$6,000,000,000), not including the amount of any refunding
17 bonds issued in accordance with Section 83120, or so much
18 thereof as is necessary, may be issued and sold to provide a fund
19 to be used for carrying out the purposes expressed in this division
20 and to reimburse the General Obligation Bond Expense
21 Revolving Fund pursuant to Section 16724.5 of the Government
22 Code. The bonds, when sold, shall be and constitute valid and
23 binding obligations of the State of California, and the full faith
24 and credit of the State of California is hereby pledged for the
25 punctual payment of both principal of, and interest on, the bonds
26 as the principal and interest become due and payable.

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

32 83121. The bonds authorized by this division shall be
33 prepared, executed, issued, sold, paid, and redeemed as provided
34 in the State General Obligation Bond Law, and all of the
35 provisions of that law apply to the bonds and to this division and
36 are hereby incorporated in this division as though set forth in full
37 in this division.

38 83122. There shall be collected each year and in the same
39 manner and at the same time as other state revenue is collected,
40 in addition to the ordinary revenues of the state, a sum in an

1 amount required to pay the principal of, and interest on, the
2 bonds each year, and it is the duty of all officers charged by law
3 with any duty in regard to the collection of the revenue to do and
4 perform each and every act which is necessary to collect that
5 additional sum.

6 83123. Notwithstanding Section 13340 of the Government
7 Code, there is hereby appropriated from the General Fund in the
8 State Treasury, for the purposes of this division, an amount that
9 will equal the total of the following:

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

13 (b) The sum that is necessary to carry out the provisions of
14 Section 83126, appropriated without regard to fiscal years.

15 83124. The department may request the Pooled Money
16 Investment Board to make a loan from the Pooled Money
17 Investment Account, including other authorized forms of interim
18 financing that include, but are not limited to, commercial paper,
19 in accordance with Section 16312 of the Government Code, for
20 the purpose of carrying out this division. The amount of the
21 request shall not exceed the amount of the unsold bonds that the
22 committee has, by resolution, authorized to be sold for the
23 purpose of carrying out this division. The department shall
24 execute those documents required by the Pooled Money
25 Investment Board to obtain and repay the loan. Any amounts
26 loaned shall be deposited in the fund to be allocated by the
27 department in accordance with this chapter.

28 83125. Notwithstanding any other provision of this division,
29 or of the State General Obligation Bond Law, if the Treasurer
30 sells bonds that include a bond counsel opinion to the effect that
31 the interest on the bonds is excluded from gross income for
32 federal tax purposes under designated conditions, the Treasurer
33 may maintain separate accounts for the bond proceeds invested
34 and for the investment earnings on those proceeds, and may use
35 or direct the use of those proceeds or earnings to pay any rebate,
36 penalty, or other payment required under federal law or take any
37 other action with respect to the investment and use of those bond
38 proceeds, as may be required or desirable under federal law in
39 order to maintain the tax-exempt status of those bonds and to

1 obtain any other advantage under federal law on behalf of the
2 funds of this state.

3 83126. For the purposes of carrying out this division, the
4 Director of Finance may authorize the withdrawal from the
5 General Fund of an amount or amounts not to exceed the amount
6 of the unsold bonds that have been authorized by the committee
7 to be sold for the purpose of carrying out this division. Any
8 amounts withdrawn shall be deposited in the fund. Any money
9 made available under this section shall be returned to the General
10 Fund, with interest at the rate earned by the money in the Pooled
11 Money Investment Account, from proceeds received from the
12 sale of bonds for the purpose of carrying out this division.

13 83127. All money deposited in the fund that is derived from
14 premium and accrued interest on bonds sold pursuant to this
15 division shall be reserved in the fund and shall be available for
16 transfer to the General Fund as a credit to expenditures for bond
17 interest.

18 83127.5. Pursuant to Chapter 4 (commencing with Section
19 16720) of Part 3 of Division 4 of Title 2 of the Government
20 Code, the cost of bond issuance shall be paid out of the bond
21 proceeds. These costs shall be shared proportionally by each
22 program funded through this bond act.

23 83128. The bonds issued and sold pursuant to this division
24 may be refunded in accordance with Article 6 (commencing with
25 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
26 the Government Code, which is a part of the State General
27 Obligation Bond Law. Approval by the electors of the state for
28 the issuance of the bonds under this division shall include
29 approval of the issuance of any bonds issued to refund any bonds
30 originally issued under this division or any previously issued
31 refunding bonds.

32 83129. The Legislature hereby finds and declares that,
33 inasmuch as the proceeds from the sale of bonds authorized by
34 this division are not “proceeds of taxes” as that term is used in
35 Article XIII B of the California Constitution, the disbursement of
36 these proceeds is not subject to the limitations imposed by that
37 article.

38 SEC. 3. (a) The amount of ____ dollars (\$____) is hereby
39 appropriated from the General Fund for deposit into the State
40 Investment Account in the California Water Resources

1 Investment Fund, established by Section 82165 of the Water
2 Code, for allocation as loans, as follows:

3 (1) ____ dollars (\$____) to the California Water Commission,
4 for the purposes of funding initial startup activities and adopting
5 regulations to establish the criteria by which the funds in the
6 regional investment accounts shall be managed and distributed to
7 the regions in accordance with Chapter 8 (commencing with
8 Section 82120) of Division 32 of the Water Code. The
9 commission shall repay the amount of this appropriation, on or
10 before ____, with interest at the pooled money investment rate,
11 funds deposited into the State Investment Account pursuant to
12 Article 6 (commencing with Section 82200) of Chapter 8 of
13 Division 32 of the Water Code.

14 (2) ____ dollars (\$____) to the State Board of Equalization,
15 for the purposes of implementing Article 6 (commencing with
16 Section 82200) of Chapter 8 of Division 32 of the Water Code.
17 The State Board of Equalization shall repay the amount of this
18 appropriation on or before ____, with interest at the pooled
19 money investment rate, from funds deposited into the State
20 Investment Account pursuant to Article 6 (commencing with
21 Section 82200) of Chapter 8 of Division 32 of the Water Code.

22 (b) Subdivision (a) shall become operative only if the voters
23 approve the Flood Protection and Clean, Safe, Reliable Water
24 Supply Board and Financing Act of 2006.

25 SEC. 4. (a) Section 1 of this act shall become effective only
26 upon approval by the voters, at the ____ statewide election, of
27 the Flood Protection and Clean, Safe, Reliable Water Supply
28 Bond and Financing Act of 2006, as set forth in Section 1 of this
29 act.

30 (b) Notwithstanding any other provision of law, all ballots of
31 the election shall have printed thereon and in a square thereof,
32 the words: "Flood Protection and Clean, Safe, Reliable Water
33 Supply Bond and Financing Act of 2006" and in the same square
34 under those words, the following in 8-point type: "This act
35 provides for a bond issue of three billion dollars
36 (\$3,000,000,000) to provide funds for a flood protection and
37 water management program." Opposite the square, there shall be
38 left spaces in which the voters may place a cross in the manner
39 required by law to indicate whether they vote for or against the
40 act.

1 SEC. 5. (a) Section 2 of this act shall become effective only
2 upon approval by the voters, at the ____ statewide election, of
3 the Flood Protection and Clean, Safe, Reliable Water Supply
4 Bond and Financing Act of 2010, as set forth in Section 2 of this
5 act.

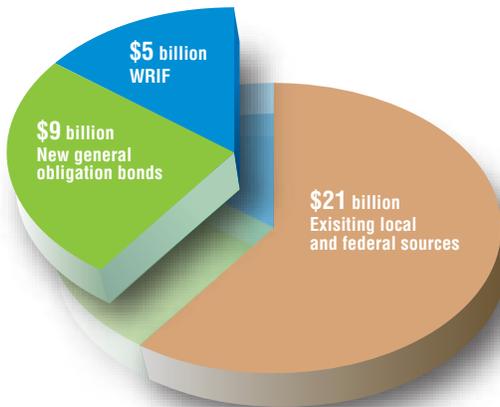
6 (b) Notwithstanding any other provision of law, all ballots of
7 the election shall have printed thereon and in a square thereof,
8 the words: “Flood Protection and Clean, Safe, Reliable Water
9 Supply Bond and Financing Act of 2010” and in the same square
10 under those words, the following in 8-point type: “This act
11 provides for a bond issue of six billion dollars (\$6,000,000,000)
12 to provide funds for a flood protection and water management
13 program.” Opposite the square, there shall be left spaces in which
14 the voters may place a cross in the manner required by law to
15 indicate whether they vote for or against the act.

16 SEC. 6. Notwithstanding the requirements of any other
17 provision of law, the Secretary of State shall submit Section 1 of
18 this act to the voters at the ____ statewide election, and shall
19 submit Section 2 of this act to the voters at the statewide election.

20 SEC. 7. This act is an urgency statute necessary for the
21 immediate preservation of the public peace, health, or safety
22 within the meaning of Article IV of the Constitution and shall go
23 into immediate effect. The facts constituting the necessity are:

24 In order to provide for improved flood protection and more
25 reliable water supplies, as soon as possible, it is therefore
26 necessary that this act take effect immediately.

Building California's Water Future: An Investment Strategy to Improve Water and Flood Management



Governor Schwarzenegger's Strategic Growth Plan will invest \$35 billion over the next 10 years to strengthen the flood management system, and provide safe and reliable water supplies for Californians.

The plan is a sustained investment approach. For the first time, the state will match an investment strategy with specific plans for water quality, water supply and flood protection improvements. Those specific plans are outlined in the Flood White Paper, which the Governor issued on January 10, 2005, and the California Water Plan Update.



Governor's Proposed FY 2006-07 Budget Highlights for Water and Flood Management

- **\$17 million** increase for better flood management, levee management, emergency response, and floodplain maps.
- **\$31 million** for Central Valley flood control projects
- **\$84 million** to continue lining the Coachella and All-American Canals. These projects will save approximately 100,000 acre-feet of water per year, enough water to supply a city the size of Sacramento.
- **130 new positions** for the Department of Water Resources, including 80 new positions for the State Water Project which provides water to millions of Californians in the Bay Area and southern California, and to Central Valley farms.

Flood Protection and Clean, Safe and Reliable Water Supply Bond and Financing Acts of 2006 and 2010 Bond

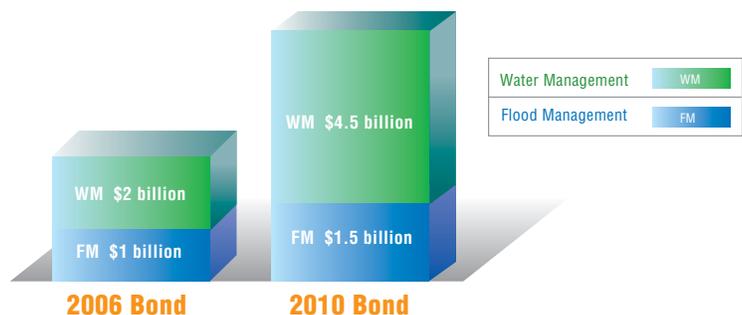
The bonds will provide \$2.5 billion for flood management - \$1 billion in 2006 and \$1.5 billion in 2010. Another \$3.5 billion will come from federal and local governments, for a total 10-year investment of \$6 billion to strengthen our levees and flood systems.

The bonds will also provide \$6.5 billion - \$2 billion in 2006 and \$4.5 billion in 2010 - for regional and statewide water management improvements. An additional \$22.5 billion will come from other state funds, and federal and local funds for a total 10-year investment of \$29 billion.

Water Resources Investment Fund

The Water Resources Investment Fund establishes a fee that will be collected from all water users. It will provide a stable and perpetual source of revenue to improve water quality and meet water supply needs.

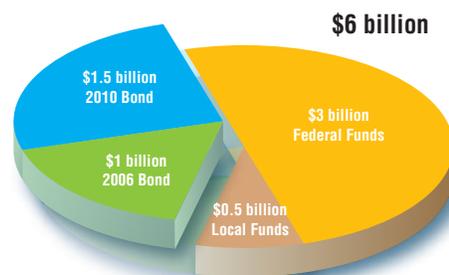
Over the next ten years, the Fund will generate about \$5 billion, two-thirds of which will be used directly for regional water programs. The remaining investments will go to statewide water improvements.



Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010

Flood Control

The proposed bonds will provide \$2.5 billion to pay for levee repairs and improvements, upgrade flood protection for urban areas, improve emergency response capabilities, and develop a new vision for the long-term protection of the Delta. Total investments, including federal and local funds will be \$6 billion.



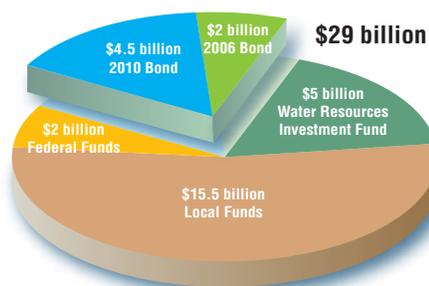
| | 2006 | 2010 |
|---|--------------------|----------------------|
| Repair of State-Federal Project Levees and Facilities | \$210 million | \$300 million |
| Flood Control and Levee System Improvements | \$200 million | \$200 million |
| Delta Levee Subventions and Special Projects | \$210 million | \$700 million |
| Flood Control Subventions | \$250 million | \$200 million |
| Floodplain Mapping | \$90 million | \$0 |
| Floodway Corridor Program | \$40 million | \$100 million |
| TOTAL | \$1 billion | \$1.5 billion |

Key projects include:

- Remapping more than one million acres of Central Valley floodplains
- Repairing State-Federal Project Levees
- Initiating seismic strengthening of critical Delta levees
- Improving flood protection for urban areas
- Fully funding the backlog of the state's share for flood control projects outside of the Central Valley

Water Management

The bonds will provides \$6.5 billion to improve water management activities in all regions. The funds will be used for projects, including those described in the California Water Plan, that reduce water demand and increase water supplies, improve water quality and promote good stewardship of our natural resources. Total investments, including the Water Resources Investment Fund, and federal and local funds, will be \$29 billion.



| | 2006 | 2010 |
|--|--------------------|----------------------|
| Regional Water Management Grants | \$1 billion | \$2 billion |
| Water Quality Improvements | \$250 million | \$500 million |
| State Support for Development of New Water Storage | \$250 million | \$1 billion |
| Water Resources/Quality Science and Technology | \$300 million | \$500 million |
| Resource Stewardship and Ecosystem Restoration | \$200 million | \$500 million |
| TOTAL | \$2 billion | \$4.5 billion |

Key projects include:

- Financial support for integrated regional water management plans
- Funding for projects that benefit the water supply and water quality needs of disadvantaged communities
- Water quality improvements achieved with pollution prevention strategies and groundwater cleanup projects
- Development of groundwater storage and surface storage projects
- Advancements in desalination, water science and technology to address climate change impacts, energy issues associated with water, and environmental concerns

Governor Schwarzenegger's Record of Leadership on Flood Management Issues

Governor Schwarzenegger has provided strong leadership on flood management issues – recognizing the need to invest more in our flood systems, levees, emergency response capabilities and disaster preparedness to better protect lives and property.

- In response to the first major flood emergency of his Administration at Jones Tract in the Delta in June 2004, the Governor committed state resources to immediately repair the levee break, protect lives and property, and ensure the integrity of the water deliveries from the Delta to the Bay Area and southern California.
- On January 10, 2005, Governor Schwarzenegger issued a 'call to action' with the release of a comprehensive Flood White Paper. The report detailed many of the most serious challenges facing our existing flood control system and outlined a bold plan to make improvements.
- In his 2005-06 budget, the Governor increased the state's flood management budget by more than \$9 million, a 70 percent increase. Some of the benefits of this additional investment in levee maintenance and flood emergency response are being realized in the current flood fights.
- The Administration is sponsoring AB 1665 (Laird, D-Santa Cruz) to make essential reforms to the state's flood management system, including updated flood maps, better notice to residents about flood risks, and a comprehensive evaluation of the Central Valley levee system.
- Another Administration-sponsored measure, ACA 13 (Harman, R-Huntington Beach) is a proposed constitutional amendment to give local agencies greater ability to fund vital levee maintenance work.
- Last year, the Governor signed AB 1200 (Laird, D-Santa Cruz) that directs DWR and the Department of Fish and Game (DFG) to study island subsidence, floods, earthquakes in the Delta, and SB 264 (Machado, D-Linden) which extends the Delta Levee Subventions Program for two years. These are important steps to improve Delta flood control efforts.
- Under the Governor's leadership, the Department of Water Resources is taking the lead with the U.S. Army Corps of Engineers and DFG to complete the Delta Risk Management Strategy. This two-year, \$6 million effort will better quantify the risks associated with the Delta's fragile levee system and develop risk reduction strategies.
- Working with Senator Dianne Feinstein and Congressmen Richard Pombo and Dan Lungren, the Schwarzenegger Administration intensified efforts to obtain more funding for critical California levees, especially in the Delta and Central Valley. This effort produced \$40.9 million in federal funds to begin strengthening California levees and flood control systems.
- The Governor has proposed the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010 to improve the state's flood management system.

Leadership and responsible planning are keys to protecting Californians from dangerous floods. Governor Schwarzenegger has been at the forefront of efforts to develop a comprehensive, well-funded and sustained flood management plan that will help ensure the continued vitality of our economy, the well-being of our communities, and more safety for our people.

Water Resources Investment Fund: A New Source of Funding for Water Management

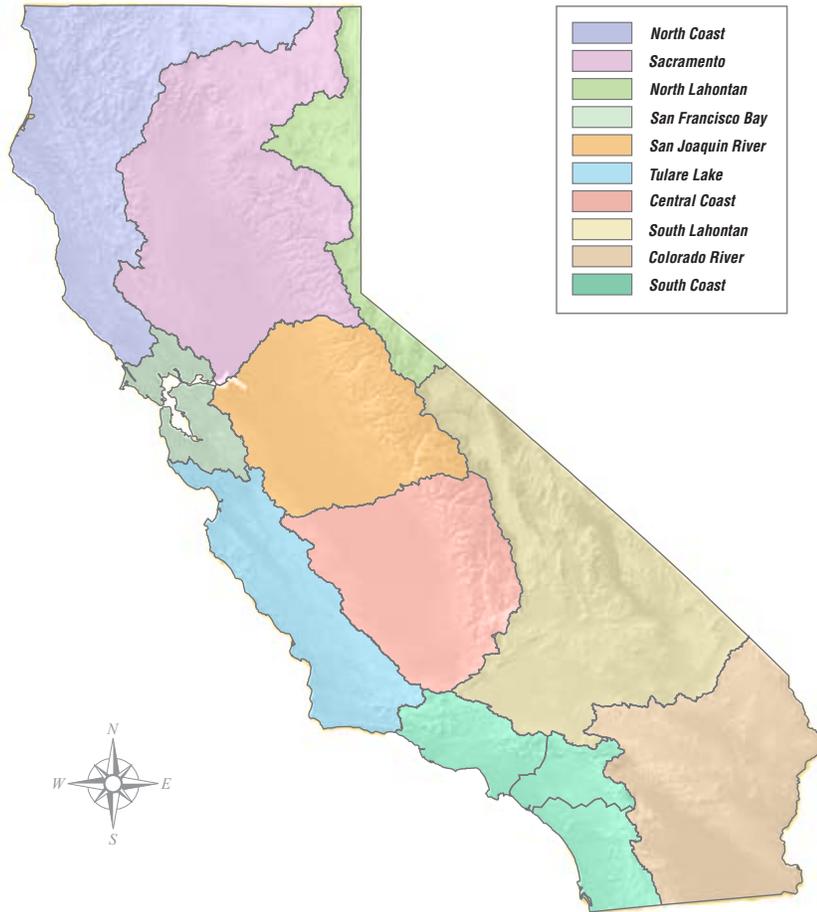
As California grows, so does the need to invest in clean, safe, reliable water supplies to assure a vital economy, healthy environment, and high standard of living. Governor Schwarzenegger has proposed a Strategic Growth Plan to invest in water management activities in all regions of the state. The plan includes a new Water Resources Investment Fund, which will provide a stable and sustained source of revenue to improve water quality and meet water supply needs now and in the future.

Potential elements of a Water Resources Investment Fund:

- The Water Resources Investment Fund establishes a fee that will be collected from each retail water supplier in the state. The supplier will decide how to apportion the fee among its customers and will collect the fee.
- Provides a stable funding source for clean, reliable and safe water supplies. The funds will support water management activities described in the California Water Plan. A significant amount of the funds will pay for water quality improvements.
- Fifty percent of the funds collected in each region will be returned to those respective regions to plan and carry out integrated regional water management. Additional funds are reserved to match federal water quality grants, fund priority regional projects, and carry out emergency response to groundwater contamination. Through these programs, more than two-thirds of all funds collected will be used to fund regional water management projects.
- A designated entity, such as a reconfigured California Water Commission, will oversee distribution of funds and recommend any changes or improvements to the Fund and fee structure.
- The funds available to implement water management projects will increase over time as new connections are added.
- Regions will prepare integrated regional water management plans consistent with California Water Plan to meet their local needs, and fund their projects from their regional accounts.
- Remaining funds will pay for programs of statewide significance, including funding for the public trust benefits of new surface storage projects such as ecosystem restoration and flood control.

Regional Map for Bond and Water Resources Investment Fund Expenditures

CALIFORNIA HYDROLOGIC REGIONS



PROPOSED WATER FEE SCHEDULE BY WATER USER TYPE

| Water User Type | Monthly Fee per Water Connection (prorate for different billing cycles) |
|--------------------------------------|--|
| Customers on lifeline billing | \$0.00 |
| Single family connections | \$3.00 |
| Multiple family connections | \$10.00 |
| Commercial | \$5.00 |
| Industrial | \$10.00 |
| Agricultural; less than 9 acres | \$3.00 |
| Agricultural; 9 to 180 acres | \$6.00 |
| Agricultural; greater than 180 acres | \$10.00 |

This is the fee schedule used to calculate water suppliers' capacity charges. Local suppliers will decide how to apportion the fee to their residential, commercial and agricultural customers.