

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

May 8, 2007 Board Meeting

8-8

Subject

Express support, if amended, for SB 59 (Cogdill, R-Fresno) – Reliable Water Supply Bond Act of 2008

Description

Summary. Senate Bill 59 (**Attachment 1**), the Reliable Water Supply Bond Act of 2008, by Senator Dave Cogdill, a member of the Senate Natural Resources and Water Committee, would authorize general obligation bonds in the amount of \$3.95 billion for the purposes of financing surface and groundwater storage, water use efficiency, environmental restoration and water quality projects. The legislation specifically prohibits the use of general obligation bond funds for potential Delta water transfer facilities. Funding for surface storage provided by this Bond Act is contingent upon development of a comprehensive financing plan by the beneficiaries of a water storage project. The legislation would require the Secretary of State to submit the Bond Act to the voters at the November 4, 2008 statewide general election. Additionally, this Bond Act would further authorize the sale of \$2 billion in revenue bonds by the Department of Water Resources once 75 percent of the water supply benefits of any surface water storage project is under contract with potential water users.

Key Bond Funding Categories. The Bond Act would authorize the sale of \$3.95 billion in general obligation bonds to be used in the following manner:

- \$2 billion for surface water storage. Projects cited are Sites Reservoir, Temperance Flat Reservoir and other surface water storage projects included in the CALFED Bay-Delta Program Programmatic Record of Decision should the first two identified projects be deemed infeasible;
- \$500 million for groundwater storage and conjunctive use;
- \$1 billion for Delta Sustainability, which includes:
 1. \$500 million for implementing projects under the Bay-Delta Conservation Plan;
 2. \$300 million for implementing options identified under the Governor’s Delta Strategic Plan; and
 3. \$200 million for the water quality component of the CALFED Bay-Delta Program.
- \$200 million for the agricultural and urban Water Use Efficiency Programs; and
- \$250 million for Resource Stewardship and Environmental Restoration Program.

Other Elements. The following is a summary of other elements specified in the Bond Act:

- **Funding Eligibility for Water Use Efficiency Program Grants.** An urban water supplier must adopt and submit its urban water management plan in accordance with the Urban Water Management Planning Act to be eligible to receive water use efficiency funds made available through this Bond Act. Eligible applicants are defined as public agencies, investor-owned utilities and mutual water companies. Projects proposed by investor-owned utilities and mutual water companies shall have a clear and definite public purpose and shall benefit the customers of those respective water systems.
- **Resource Stewardship and Environmental Restoration Program.** Grants for resource stewardship and ecosystem restoration are defined for use in the following areas: San Joaquin River system; Sacramento River corridor; Salton Sea; and other ecosystem restoration projects and programs.

- **Reliable Water Supply Finance Committee.** For the purpose of authorizing the issuance and sale of bonds, the Bond Act creates a Reliable Water Supply Finance Committee. The Committee consists of state officials: the State Treasurer (Chair), the Director of Finance, the Controller, the Director of Water Resources and the Secretary for the Resources Agency.
- **2008 Statewide Vote.** The Secretary of State is required to submit this act to the voters at the November 4, 2008, statewide general election.
- **Requirements for Expenditure of Bond Funds for Surface Storage Projects.** Expenditure of any portion of the funds for any new surface water storage project is contingent upon all of the following actions:
 1. A finding by the director and the secretary that the project is feasible, consistent with applicable laws and will advance the objectives of the CALFED Bay-Delta Program;
 2. Development of a comprehensive financing plan for the project that includes state and federal cost share, and any other state or local public agency or private cost share for water supply, power generation or other benefits generated by the project. The comprehensive financing plan shall allocate all project costs among all project beneficiaries in relation to the benefits received. The state's cost share shall not exceed 50 percent of the total project costs; and
 3. Agreements with potential water users to contract and pay for not less than 75 percent of the agricultural and urban water supply benefits of the project.
- **Limitations on Expenditure of Delta Sustainability Funds.** Funds provided for Delta Sustainability may "not" be expended for:
 1. The design or construction of Delta water transfer facilities (i.e., Isolated Facility); and
 2. Any action identified in the Bay-Delta Conservation Plan that provides for the mitigation of impacts or the conservation of a species.

Recommended Amendments: As the Metropolitan Board has discussed, the principal issue for Metropolitan regarding State Water Project supplies has been Delta conveyance. The emphasis on surface and groundwater storage as contained in SB 59 is at odds with the immediate needs of a collapsing Delta environment. The proposed funds for Delta programs and water use efficiency are useful but, in comparison, are much smaller than the funds designated for the construction of new surface storage projects. Furthermore, the Board has discussed developing a comprehensive statewide policy that will address all Delta issues in a global fashion. Accordingly, Metropolitan should support SB 59 only if the following amendments are made:

- **Global Solution.** SB 59 should be linked to SB 27 (Simitian, et al.) and other legislation that addresses all aspects of Delta sustainability and operations of the State Water Project. Comprehensive legislation should address and link Delta conveyance, Delta restoration and additional storage.
- **Delta Water Transfer Facilities.** SB 59 precludes use of bond funds on the construction of a Delta water transfer facility. While water users have been prepared to fund water supply projects, such as a Delta water transfer facility, singling it out as provided for in SB 59 implies a state bias against a Delta water transfer facility. The bill should be amended to state positively what funds may be used for without stating that bond funds will not be used on a Delta water transfer facility.
- **All Projects to Be Funded Must Be Permittable.** The Department of Water Resources, in developing its grant project solicitation and evaluation guidelines, should require all project proponents to certify that their project will be able to obtain all necessary federal and state permits prior to issuance of grant funds.
- **All Beneficiaries Must Pay Their Fair Share.** As part of the disbursement of grants under this Bond Act, all entities that benefit from resulting improvements or contribute to adverse environmental impacts are required to pay their fair share of costs. The cost sharing provisions for the expenditure of funds for surface storage projects should be extended to the entire Bond Act, as appropriate. Cost-sharing agreements must reflect an equitable allocation of costs among the multiple beneficiaries.

Current Status. SB 59 failed passage on April 24 when the bill was before the Senate Natural Resources and Water Committee. On a party-line vote, Senators Cogdill, Hollingsworth and Margett voted for and Senators Steinberg, Kuehl, Kehoe and Migden voted against the measure. Senator Machado did not cast a vote. Despite the fact the bill was given reconsideration, a rule waiver will be necessary to keep SB 59 moving beyond the April 27 house-of-origin policy committee deadline.

The outcome of SB 59 was not totally unexpected and is viewed as just the first of many opportunities to advance the objectives of the bill. Both Governor Schwarzenegger and Senator Cogdill, in statements released after the hearing, reiterated that it is still very early in the legislative process. It is anticipated that the substance of SB 59 will continue to play out throughout the state budget process and until the end of the legislative session.

Policy

By Minute Item 45753, the Board adopted refined Bay-Delta finance and cost-allocation policy principles for communication with the California Bay-Delta Authority and interested parties, as set forth in the letter signed by the Chief Executive Officer on April 20, 2004.

By Minute Item 46637, the Board adopted policy principles regarding long-term actions for the Sacramento-San Joaquin River Delta as described in Revised Board Letter 8-3, dated April 11, 2006, signed by the General Manager on April 4, 2006.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and authorize the General Manager to express Metropolitan's support for SB 59 if it is amended as described in this letter.

Fiscal Impact: This Bond Act could assist in providing state cost share for various potential water quality, water use efficiency and groundwater/surface storage projects. A detailed fiscal impact analysis has not been completed and would depend on Metropolitan's participation as a potential beneficiary.

Business Analysis: Potential state funding available to improve Metropolitan's reliability through increased surface water storage on the State Water Project System, increased Delta sustainability, construction of locally managed conjunctive use and groundwater storage projects, development of urban water use efficiency projects and restoration of the Salton Sea.

Option #2

Take no position on SB 59.

Fiscal Impact: None

Business Analysis: None

Staff Recommendation

Option #1


Linda Waade
Deputy General Manager, External Affairs

5/2/2007
Date


Jeffrey Kightlinger
General Manager

5/2/2007
Date

Attachment 1 – Senate Bill 59

BLA #5394

Introduced by Senator Cogdill**(Principal coauthor: Senator Ackerman)****(Coauthors: Senators Cox, Denham, and Runner)****(Coauthors: Assembly Members Aghazarian, Arambula, Benoit, Berryhill, Fuller, Galgiani, Houston, La Malfa, Maze, and Parra)**January 11, 2007

An act to add Division 32 (commencing with Section 82000) to the Water Code, relating to financing a water supply program, by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 59, as introduced, Cogdill. Reliable Water Supply Bond Act of 2008.

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

This bill would enact the Reliable Water Supply Bond Act of 2008 which, if approved by the voters, would authorize, for purposes of financing a water supply program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$3,950,000,000. The bill would require the Secretary of State to submit the bond act to the voters at the November 4, 2008, statewide general election.

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

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

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

3
4 DIVISION 32. RELIABLE WATER SUPPLY BOND ACT
5 OF 2008

6
7 CHAPTER 1. SHORT TITLE

8
9 82000. This division shall be known and may be cited as the
10 Reliable Water Supply Bond and Financing Act of 2008.

11
12 CHAPTER 2. FINDINGS

13
14 82001. The Legislature finds and declares all of the following:

15 (a) California must make substantial investments to provide
16 reliable water for a growing population and meet future water
17 management needs.

18 (b) It is in the interests of all Californians to provide a safe,
19 clean, affordable, and sufficient water supply to meet the needs of
20 residents, farms, businesses, and the environment.

21 (c) Recent studies indicate that California will experience
22 decreasing snow pack, changing run-off patterns, rising sea levels,
23 and changes in water use. The state has determined that no single
24 approach to water management will adequately address these
25 changes in a way that meets the state’s current and future needs.
26 It will be necessary to invest in additional water infrastructure such
27 as expanded water storage and improved water conveyance, as
28 well as improving water use efficiency, in order to protect
29 California’s environment and economy.

30 (d) The Sacramento-San Joaquin Delta Estuary, including Suisun
31 Bay and Suisun Marsh, is a unique and irreplaceable combination
32 of environmental and economic resources.

33 (e) Current management and use of the delta is not sustainable,
34 and results in a high level of conflict among various interests.

35 (f) Future management of the delta must improve delta
36 ecosystem health, improve the means of delta water conveyance
37 in order to protect drinking water quality, improve water supply

1 reliability, restore ecosystem health, and preserve agricultural and
2 recreational values in the delta.

3 (g) Sustainable economic development requires that water
4 resources planning be integrated with the management of other
5 natural resources.

6
7 CHAPTER 3. DEFINITIONS
8

9 82002. Unless the context otherwise requires, the definitions
10 set forth in this section govern the construction of this division, as
11 follows:

12 (a) “CALFED” means the consortium of state and federal
13 agencies with management and regulatory responsibilities in the
14 San Francisco Bay/Sacramento-San Joaquin Delta Estuary.

15 (b) “CALFED Bay-Delta Program” means the undertaking by
16 CALFED to develop and implement, by means of the final
17 programmatic environmental impact statement/environmental
18 impact report, the preferred programs, actions, projects, and related
19 activities that will provide solutions to identified problem areas
20 related to the San Francisco Bay/Sacramento-San Joaquin Delta
21 Estuary ecosystem, including, but not limited to, the bay-delta and
22 its tributary watersheds.

23 (c) “Committee” means the Reliable Water Supply Finance
24 Committee created by Section 82082.

25 (d) “Delta” means the Sacramento-San Joaquin Delta as defined
26 in Section 12220.

27 (e) “Department” means the Department of Water Resources.

28 (f) “Director” means the Director of Water Resources.

29 (g) “Fund” means the Reliable Water Supply Bond Fund of
30 2008 created by Section 82020.

31 (h) “Integrated regional water management plan” means a
32 comprehensive plan for a defined geographic area, the specific
33 development and content of which shall be defined by guidelines
34 adopted by the department. At a minimum, an integrated regional
35 water management plan describes the major water-related
36 objectives and conflicts within a region; considers a broad variety
37 of water management strategies; and identifies the appropriate
38 combination of water demand and supply management alternatives,
39 water quality protections, and environmental stewardship actions
40 to provide long-term, reliable, and high quality water supplies and

1 to protect the environment at the lowest reasonable cost and with
2 the highest possible benefits to the environment and to water users.

3 (i) “Nonprofit organization” means any nonprofit public benefit
4 corporation formed pursuant to the Nonprofit Corporation Law
5 (Division 2 (commencing with Section 5000) of Title 1 of the
6 Corporations Code) and qualified under Section 501(c)(3) of Title
7 26 of the United States Internal Revenue Code.

8 (j) “Public agency” means a state agency or department, district,
9 joint powers authority, city, county, city and county, or other
10 political subdivision of the state.

11 (k) “Secretary” means the Secretary of the Resources Agency.

12 (l) “State General Obligation Bond Law” means the State
13 General Obligation Bond Law (Chapter 4 (commencing with
14 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
15 Code).

16
17 CHAPTER 4. GENERAL PROVISIONS
18

19 82010. An amount that equals not more than 5 percent of the
20 funds allocated for a grant program pursuant to this division may
21 be used to pay the costs to administer that program.

22 82011. Chapter 3.5 (commencing with Section 11340) of Part
23 1 of Division 3 of Title 2 of the Government Code does not apply
24 to the development or implementation of programs or projects
25 authorized or funded under this division.

26 82012. (a) Prior to disbursing grants pursuant to this division,
27 the department shall develop project solicitation and evaluation
28 guidelines. The guidelines may include a limitation on the dollar
29 amount of grants to be awarded.

30 (b) Prior to disbursing grants, the department shall conduct two
31 public meetings to consider public comments prior to finalizing
32 the guidelines. The department shall publish the draft solicitation
33 and evaluation guidelines on its Internet Web site at least 30 days
34 before the public meetings. One meeting shall be conducted at a
35 location in northern California and one meeting shall be conducted
36 at a location in southern California. Upon adoption, the department
37 shall transmit copies of the guidelines to the fiscal committees and
38 the appropriate policy committees of the Legislature.

39 82013. It is the intent of the people that the investment of public
40 funds pursuant to this division should result in public benefits.

1 CHAPTER 5. RELIABLE WATER SUPPLY BOND FUND OF 2008

2
3 82020. The proceeds of bonds issued and sold pursuant to this
4 division shall be deposited in the Reliable Water Supply Bond
5 Fund of 2008, which is hereby created.

6
7 CHAPTER 6. WATER STORAGE DEVELOPMENT PROJECTS

8
9 82030. (a) For the purposes of this chapter, “account” means
10 the Water Storage Development Account created by subdivision
11 (b).

12 (b) The Water Storage Development Account is hereby created
13 in the fund.

14 (c) The sum of two billion five hundred million dollars (\$2,
15 500,000,000) is hereby transferred from the fund to the account.
16 Notwithstanding Section 13340 of the Government Code, the funds
17 in the account are hereby continuously appropriated to the
18 department, without regard to fiscal years, as follows:

19 (1) Two billion dollars (\$2,000,000,000) for the design,
20 acquisition, and construction of surface water storage projects
21 identified pursuant to subdivision (a) of Section 82031 to finance
22 the state’s cost share in accordance with subdivision (b) of Section
23 82033.

24 (2) Five hundred million dollars (\$500,000,000) for grants and
25 expenditures for the planning, design, and construction of locally
26 managed conjunctive use and groundwater storage projects
27 described in subdivision (b) of Section 82031.

28 (d) This section shall not be amended or repealed unless
29 approved by the Legislature with two-thirds of the members of
30 each house voting in favor thereof.

31 82031. To assist in the development of facilities to increase
32 water storage capacity in the state, funds provided pursuant to this
33 chapter shall be for the design, acquisition, and construction of the
34 following water storage projects:

35 (a) Surface water storage projects being investigated by the
36 department under the CALFED Bay-Delta Program, as follows:

37 (1) Sites Reservoir located in the Counties of Colusa and Glenn,
38 as identified in the North-of-the-Delta Offstream Storage
39 Investigation Initial Alternatives Information Report, dated May
40 2006.

1 (2) Temperance Flat Reservoir located in the Counties of Fresno
2 and Madera, as identified in the Upper San Joaquin River Basin
3 Storage Investigation Initial Alternatives Information Report, dated
4 June 2005.

5 (3) If the surface water storage projects identified in paragraphs
6 (1) and (2) are deemed infeasible by the department, alternate
7 surface water storage projects, as determined by the department,
8 that are included in the CALFED Bay-Delta Program Programmatic
9 Record Of Decision, dated August 28, 2000.

10 (b) Locally managed conjunctive use and groundwater storage
11 projects that are consistent with an adopted integrated regional
12 water management plan and provide any of the following benefits:

13 (1) Interregional water supply benefits, including, but not limited
14 to, evaluation of the groundwater resources of the Sacramento
15 Valley.

16 (2) Mitigation of conditions of groundwater overdraft, saline
17 water intrusion, groundwater quality degradation, or subsidence.

18 (3) Replacement of water supplies that were previously
19 committed or that will be committed for environmental benefits.

20 (4) Contribution to any of the objectives described in paragraphs
21 (1) to (4), inclusive, of subdivision (b) of Section 82033.

22 82032. Any new surface water surface storage capacity funded
23 pursuant to this chapter shall be operated in conjunction with
24 existing storage and conveyance facilities to develop greater and
25 more diverse benefits and to offset the impacts of changing
26 hydrology and decreasing snow pack on California's water and
27 flood management systems.

28 82033. (a) Expenditure of any portion of the funds provided
29 pursuant to this chapter for any surface water storage project is
30 contingent upon all of the following actions:

31 (1) A finding by the director and the secretary that the project
32 is feasible, consistent with all applicable laws and regulations, and
33 will advance the objectives of the CALFED Bay-Delta Program.

34 (2) Development of a comprehensive financing plan for the
35 project that includes the state's cost share for the project benefits
36 described in subdivision (b), any cost sharing by the federal
37 government for federal interests identified in the project, and any
38 other state or local public agency or private cost share for water
39 supply, power generation, or other benefits generated by the
40 project. The comprehensive financing plan shall allocate all project

1 costs among all project beneficiaries in relation to the benefits
2 received. The state's cost share for the project benefits described
3 in subdivision (b) shall not exceed 50 percent of the total project
4 costs for projects funded under this chapter.

5 (3) Agreements with potential water users to contract and pay
6 for not less than 75 percent of the agricultural and urban water
7 supply benefits of the project.

8 (b) Funds described in paragraph (1) of subdivision (c) of
9 Section 82030 shall only be available to finance any of the
10 following:

11 (1) Major ecosystem restoration, including improvements to
12 riverine ecosystems and fisheries habitat through flow, temperature,
13 and diversion management.

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

17 (3) Flood control benefits, including, but not limited to, increases
18 in flood reservation space in existing reservoirs by exchange for
19 capacity in a new offstream reservoir.

20 (4) Emergency response, including securing emergency water
21 supplies and flows for dilution and salinity repulsion following
22 natural disasters or acts of terrorism.

23 (5) Response to the effects of changing hydrology and
24 decreasing snow pack on California's flood management systems.

25 (6) Recreational purposes, including, but not limited to, those
26 recreational pursuits generally associated with the out-of-doors,
27 such as camping, picnicking, fishing, hunting, wildlife viewing,
28 water contact sports, boating, and sightseeing, and the associated
29 facilities of campgrounds, picnic areas, water and sanitary facilities,
30 parking areas, view points, boat launching ramps, and any others
31 necessary to make project land and water areas available for use
32 by the public.

33 (c) The expenditure of funds described in paragraph (1) of
34 subdivision (c) of Section 82030 shall be prioritized based upon
35 the expected return for public investment as measured by the
36 magnitude and diversity of benefits pursuant to subdivision (b)
37 that would be provided by the proposed expenditure. For the
38 purposes of carrying out this subdivision, the department shall
39 consult with the Department of Fish and Game, the State Water
40 Resources Control Board, the California regional water quality

1 control boards, the State Department of Public Health, the
2 Department of Parks and Recreation, the California Bay-Delta
3 Authority or its successor, and other relevant state agencies.

4 82034. Any surface water storage facility constructed with
5 funds made available pursuant to this chapter shall be made a part
6 of the State Water Resources Development System and shall be
7 acquired, constructed, operated, and maintained pursuant to Part
8 3 (commencing with Section 11100) of Division 6.

9 82035. (a) To provide funding to pay the share of costs of
10 surface water storage projects allocated to providing agricultural
11 and urban water supply benefits, the department may issue revenue
12 bonds pursuant to Chapter 8 (commencing with Section 11700)
13 of Part 3 of Division 6.

14 (b) The total amount of revenue bonds issued pursuant to
15 subdivision (a) shall not exceed two billion dollars
16 (\$2,000,000,000).

17

18

CHAPTER 7. DELTA SUSTAINABILITY

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20 82050. (a) The Sacramento-San Joaquin Delta Estuary,
21 including Suisun Bay and Suisun Marsh, is a unique and
22 irreplaceable combination of environmental and economic
23 resources. Current management and use of the delta is not
24 sustainable, and results in a high level of conflict among various
25 interests. Future delta sustainability is threatened by changing
26 hydrology, decreasing snow pack, flood risk, seismic events, and
27 environmental problems. Future management of the delta must
28 improve delta ecosystem health and improve the means of delta
29 water conveyance in order to protect drinking water quality,
30 improve a water supply reliability, restore ecosystem health, and
31 preserve agricultural and recreational values in the delta. Many
32 sources of funding will be needed to implement improved delta
33 management.

34 (b) This chapter provides state funding for public benefits
35 associated with projects needed to assist in the delta's sustainability
36 as a vital resource for fish, wildlife, water quality, water supply,
37 agriculture, recreation, and enjoyment of the people of the State
38 of California.

1 (c) The sum of one billion dollars (\$1,000,000,000) shall be
2 available for appropriation by the Legislature from the fund to the
3 department for grants and direct expenditure, as follows:

4 (1) Five hundred million dollars (\$500,000,000) shall be
5 available for the development and implementation of a bay delta
6 conservation plan. The plan shall identify projects for the
7 enhancement and sustainability of selected fish species. The
8 projects shall be implemented through a cooperative effort among
9 regulatory agencies, regulated and potentially regulated entities,
10 and affected parties, including state and federal water contractors.
11 These funds may be expended for the preparation of environmental
12 documentation and environmental compliance, and for
13 implementing projects identified in the plan.

14 (2) Three hundred million dollars (\$300,000,000) shall be
15 available to implement the Strategic Plan required by Governor's
16 Executive Order S-17-06, and projects to implement the options
17 identified by the department and the Department of Fish and Game
18 pursuant to Sections 139.2 and 139.4.

19 (3) Two hundred million dollars (\$200,000,000) shall be
20 available to implement the water quality component of the
21 CALFED Bay-Delta Program.

22 82051. Funds provided by this chapter may not be expended
23 for any of the following:

24 (a) The design or construction of delta water transfer facilities.

25 (b) Any action identified in the plan as the responsibility of any
26 party or project, including the State Water Project and the federal
27 Central Valley Project, to provide for the mitigation of impacts or
28 to provide for the conservation of a species identified in the plan
29 described in paragraph (1) of subdivision (c) of Section 82050.

30 82052. For the purposes of preparing the plan described in
31 paragraph (1) of subdivision (c) of Section 82050, the fishery
32 enhancements and sustainability projects shall be identified in
33 consultation with stakeholders and relevant state agencies. The
34 projects financed under this chapter shall include comprehensive
35 project assessments, and represent significant consensus in the
36 scientific community, including the CALFED Independent Science
37 Board, or its successor, and shall provide targeted benefits as a
38 result of these expenditures.

CHAPTER 8. WATER USE EFFICIENCY PROGRAM

82060. The sum of two hundred million dollars (\$200,000,000) shall be available for appropriation by the Legislature from the fund to the department for competitive grants for agricultural and urban water use efficiency projects in accordance with this chapter.

82061. (a) The department shall award grants to eligible projects consistent with an adopted integrated regional water management plan.

(b) An urban water supplier that does not prepare, adopt, and submit its urban water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6) is ineligible to receive funds made available pursuant to this chapter until the urban water management plan is submitted.

(c) For the purposes of awarding a grant under this chapter, the department may require cost sharing or donated services from nonstate sources.

(d) Eligible projects include agricultural and urban water use efficiency implementation projects, as well as feasibility studies, technical assistance, education, and public outreach, and projects that result in water savings, increased instream flow, improved water quality, or increased energy efficiency.

(e) Eligible applicants are public agencies, investor-owned utilities, and mutual water companies. To be eligible for funding under this chapter, projects proposed by investor-owned utilities that are regulated by the Public Utilities Commission and mutual water companies shall have a clear and definite public purpose and shall benefit the customers of those respective water systems.

CHAPTER 9. RESOURCE STEWARDSHIP AND ENVIRONMENTAL RESTORATION PROGRAM

82070. The sum of two hundred fifty million dollars (\$250,000,000) shall be available for appropriation by the Legislature from the fund to the secretary for expenditures and grants for resource stewardship and ecosystem restoration, including any of the following:

- (a) Restoration of the San Joaquin River system.
(b) Restoration of the Sacramento River corridor.

- 1 (c) Restoration of the Salton Sea.
- 2 (d) Other ecosystem restoration projects and programs.

3
4 CHAPTER 10. FISCAL PROVISIONS
5

6 82080. (a) Bonds in the total amount of three billion nine
7 hundred fifty million dollars (\$3,950,000,000), not including the
8 amount of any refunding bonds issued in accordance with Section
9 82092, or so much thereof as is necessary, may be issued and sold
10 to provide a fund to be used for carrying out the purposes expressed
11 in this division and to reimburse the General Obligation Bond
12 Expense Revolving Fund pursuant to Section 16724.5 of the
13 Government Code. The bonds, when sold, shall be and constitute
14 valid and binding obligations of the State of California, and the
15 full faith and credit of the State of California is hereby pledged
16 for the punctual payment of both principal of, and interest on, the
17 bonds as the principal and interest become due and payable.

18 (b) The Treasurer shall sell the bonds authorized by the
19 committee pursuant to this section. The bonds shall be sold upon
20 the terms and conditions specified in a resolution to be adopted
21 by the committee pursuant to Section 16731 of the Government
22 Code.

23 82081. The bonds authorized by this division shall be prepared,
24 executed, issued, sold, paid, and redeemed as provided in the State
25 General Obligation Bond Law, and all of the provisions of that
26 law apply to the bonds and to this division and are hereby
27 incorporated in this division as though set forth in full in this
28 division, except that Section 16727 of the Government Code shall
29 not apply to the extent that it is inconsistent with any other
30 provision of this division.

31 82082. (a) Solely for the purpose of authorizing the issuance
32 and sale, pursuant to the State General Obligation Bond Law, of
33 the bonds authorized by this division, the Reliable Water Supply
34 Finance Committee is hereby created. For purposes of this division,
35 the Reliable Water Supply Finance Committee is “the committee”
36 as that term is used in the State General Obligation Bond Law.

37 (b) The committee consists of the Director of Finance, the
38 Treasurer, the Controller, the Director of Water Resources, and
39 the Secretary for the Resources Agency. Notwithstanding any other
40 provision of law, any member may designate a deputy to act as

1 that member in his or her place for all purposes, as though the
2 member were personally present.

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

4 (d) A majority of the members of the committee shall constitute
5 a quorum of the committee, and may act for the committee.

6 82083. The committee shall determine whether or not it is
7 necessary or desirable to issue bonds authorized pursuant to this
8 division to carry out the actions specified in this division and, if
9 so, the amount of bonds to be issued and sold. Successive issues
10 of bonds may be authorized and sold to carry out those actions
11 progressively, and it is not necessary that all of the bonds
12 authorized to be issued be sold at any one time.

13 82084. “Board,” as defined in Section 16722 of the Government
14 Code for the purposes of compliance with the State General
15 Obligation Bond Law, means the department.

16 82085. There shall be collected each year and in the same
17 manner and at the same time as other state revenue is collected,
18 in addition to the ordinary revenues of the state, a sum in an amount
19 required to pay the principal of, and interest on, the bonds each
20 year, and it is the duty of all officers charged by law with any duty
21 in regard to the collection of the revenue to do and perform each
22 and every act which is necessary to collect that additional sum.

23 82086. Notwithstanding Section 13340 of the Government
24 Code, there is hereby appropriated from the General Fund in the
25 State Treasury, for the purposes of this division, an amount that
26 will equal the total of the following:

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

30 (b) The sum that is necessary to carry out the provisions of
31 Section 82089, appropriated without regard to fiscal years.

32 82087. The board may request the Pooled Money Investment
33 Board to make a loan from the Pooled Money Investment Account
34 in accordance with Section 16312 of the Government Code for the
35 purpose of carrying out this division. The amount of the request
36 shall not exceed the amount of the unsold bonds that the committee
37 has, by resolution, authorized to be sold for the purpose of carrying
38 out this division. The board shall execute those documents required
39 by the Pooled Money Investment Board to obtain and repay the

1 loan. Any amounts loaned shall be deposited in the fund to be
2 allocated by the department in accordance with this division.

3 82088. Notwithstanding any other provision of this division,
4 or of the State General Obligation Bond Law, if the Treasurer sells
5 bonds that include a bond counsel opinion to the effect that the
6 interest on the bonds is excluded from gross income for federal
7 tax purposes under designated conditions, the Treasurer may
8 maintain separate accounts for the bond proceeds invested and for
9 the investment earnings on those proceeds, and may use or direct
10 the use of those proceeds or earnings to pay any rebate, penalty,
11 or other payment required under federal law or take any other
12 action with respect to the investment and use of those bond
13 proceeds, as may be required or desirable under federal law in
14 order to maintain the tax-exempt status of those bonds and to obtain
15 any other advantage under federal law on behalf of the funds of
16 this state.

17 82089. For the purposes of carrying out this division, the
18 Director of Finance may authorize the withdrawal from the General
19 Fund of an amount or amounts not to exceed the amount of the
20 unsold bonds that have been authorized by the committee to be
21 sold for the purpose of carrying out this division. Any amounts
22 withdrawn shall be deposited in the fund. Any money made
23 available under this section shall be returned to the General Fund,
24 with interest at the rate earned by the money in the Pooled Money
25 Investment Account, from proceeds received from the sale of bonds
26 for the purpose of carrying out this division.

27 82090. All money deposited in the fund that is derived from
28 premium and accrued interest on bonds sold pursuant to this
29 division shall be reserved in the fund and shall be available for
30 transfer to the General Fund as a credit to expenditures for bond
31 interest.

32 82091. Pursuant to Chapter 4 (commencing with Section
33 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
34 the cost of bond issuance shall be paid out of the bond proceeds.
35 These costs shall be shared proportionately by each program funded
36 through this division.

37 82092. The bonds issued and sold pursuant to this division
38 may be refunded in accordance with Article 6 (commencing with
39 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
40 the Government Code, which is a part of the State General

1 Obligation Bond Law. Approval by the electors of the state for the
2 issuance of the bonds under this division shall include approval
3 of the issuance of any bonds issued to refund any bonds originally
4 issued under this division or any previously issued refunding bonds.

5 82093. The Legislature hereby finds and declares that,
6 inasmuch as the proceeds from the sale of bonds authorized by
7 this division are not “proceeds of taxes” as that term is used in
8 Article XIII B of the California Constitution, the disbursement of
9 these proceeds is not subject to the limitations imposed by that
10 article.

11 SEC. 2. The Secretary of State shall submit Section 1 of this
12 act to the voters at the November 4, 2008, statewide general
13 election in accordance with the provisions of the Government Code
14 and the Elections Code governing the submission of a statewide
15 measure to the voters.

16 SEC. 3. (a) Notwithstanding any other provision of law, with
17 respect to the Reliable Water Supply Bond Act of 2008, as set
18 forth in Section 1 of this act, all ballots of the November 4, 2008,
19 statewide general election shall have printed thereon and in a square
20 thereof, exclusively, the words: “Reliable Water Supply Bond Act
21 of 2008” and in the same square under those words, the following
22 in 8-point type:

23 “This act will provide financing necessary for projects to improve
24 statewide water supply reliability, respond to changing hydrology
25 and decreasing snow pack, and provide adequate water supplies
26 to meet the needs of California’s residents, farmers, businesses,
27 and environment by authorizing a \$3.95 billion dollar bond act.”

28 (b) Opposite the square, there shall be left spaces in which the
29 voters may place a cross in the manner required by law to indicate
30 whether they vote for or against the act.

31 (c) Where the voting in the election is done by means of voting
32 machines used pursuant to law in the manner that carries out the
33 intent of this section, the use of the voting machines and the
34 expression of the voters’ choices by means thereof are in
35 compliance with this section.

36 SEC. 4. Section 1 of this act shall take effect only upon the
37 approval by the voters of the Reliable Water Supply Bond Act of
38 2008, as set forth in that section.

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