

**SENATE BILL**

**No. 6**

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**Introduced by Senator Machado**

March 6, 2008

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An act to add Division 26.7 (commencing with Section 79700) to the Water Code, relating to financing a water supply reliability and environmental restoration program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 6, as introduced, Machado. Safe Drinking Water Act of 2008.

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

This bill would enact the Safe Drinking Water Act of 2008 which, if approved by the voters, would authorize, for the purposes of financing a specified water supply reliability and environmental restoration program, the issuance of bonds in the amount of \_\_\_\_ pursuant to the State General Obligation Bond Law.

The bill would provide for submission of the bond act to the voters at the \_\_\_\_ election.

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

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

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— 2 —

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

1 SECTION 1. Division 26.7 (commencing with Section 79700)  
2 is added to the Water Code, to read:

3  
4 DIVISION 26.7. THE SAFE DRINKING WATER ACT OF  
5 2008

6  
7 CHAPTER 1. SHORT TITLE

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9 79700. This division shall be known and may be cited as the  
10 Safe Drinking Water Act of 2008.

11  
12 CHAPTER 2. FINDINGS AND DECLARATIONS

13  
14 79701. The people of California find and declare all of the  
15 following:

16 (a) Safeguarding supplies of clean, safe drinking water to  
17 California's homes, businesses, and farms is an essential  
18 responsibility of government, and critical to protecting the quality  
19 of life for Californians.

20 (b) Providing adequate supplies of clean, safe drinking water  
21 is vital to keeping California's economy growing and strong.

22 (c) Encouraging water conservation, upgrading water systems  
23 to reduce waste, and improving sewage treatment to create recycled  
24 water for businesses and large water users are commonsense  
25 measures to treat water as the precious resource that it is.

26 (d) Protecting lakes, rivers, and streams from pollution, cleaning  
27 up polluted groundwater supplies, and protecting water sources  
28 that supply the California State Water Project are crucial to  
29 providing a reliable supply of drinking water.

30  
31 CHAPTER 3. DEFINITIONS

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33 79702. Unless the context otherwise requires, the definitions  
34 set forth in this section govern the construction of this division, as  
35 follows:

36 (a) "Bay Delta Conservation Plan" means the plan prepared  
37 pursuant to the Planning Agreement regarding the Bay Delta  
38 Conservation Plan, dated October 6, 2006.

1 (b) “Bay-Delta Estuary” means the delta, Suisun Bay, and  
2 Suisun Marsh.

3 (c) “Committee” means the Safe Drinking Water Finance  
4 Committee created by Section 79782.

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

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

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

9 (g) “Disadvantaged community” has the meaning set forth in  
10 subdivision (a) of Section 79505.5.

11 (h) “Fund” means the Safe Drinking Water Fund of 2008 created  
12 by Section 79720.

13 (i) “Integrated regional water management plan” means a  
14 comprehensive plan for a defined geographic area, the specific  
15 development and content of which shall be defined by guidelines  
16 adopted by the department. At a minimum, an integrated regional  
17 water management plan describes the major water-related  
18 objectives and conflicts within a region, considers a broad variety  
19 of water management strategies, and identifies the appropriate  
20 combination of water demand and supply management alternatives,  
21 water quality protections, and environmental stewardship actions  
22 to provide long-term, reliable, and high-quality water supplies and  
23 to protect the environment at the lowest reasonable cost and with  
24 the highest possible benefits to the environment and to water users.

25 (j) “Nonprofit organization” means an organization qualified  
26 to do business in California and qualified under Section 501(c) (3)  
27 of Title 26 of the United States Internal Revenue Code.

28 (k) “Public agency” means a state agency or department, district,  
29 joint powers authority, city, county, city and county, or other  
30 political subdivision of the state.

31 (l) “Secretary” means the Secretary of the Resources Agency.

32 (m) “State General Obligation Bond Law” means the State  
33 General Obligation Bond Law (Chapter 4 (commencing with  
34 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
35 Code).

CHAPTER 4. GENERAL PROVISIONS

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3 79710. An amount that equals not more than 5 percent of the  
4 funds allocated for a grant program pursuant to this division may  
5 be used to pay the costs to administer that program.

6 79711. Chapter 3.5 (commencing with Section 11340) of Part  
7 1 of Division 3 of Title 2 of the Government Code does not apply  
8 to the development or implementation of programs or projects  
9 authorized or funded under this division.

10 79712. (a) Prior to disbursing grants pursuant to this division,  
11 each state agency that is required to administer a grant under this  
12 division shall develop project solicitation and evaluation guidelines.  
13 The guidelines may include a limitation on the dollar amount of  
14 grants to be awarded.

15 (b) Prior to disbursing grants, the state agency shall conduct  
16 two public meetings to consider public comments prior to finalizing  
17 the guidelines. The state agency shall publish the draft solicitation  
18 and evaluation guidelines on its Internet Web site at least 30 days  
19 before the public meetings. One meeting shall be conducted at a  
20 location in northern California, and one meeting shall be conducted  
21 at a location in southern California. Upon adoption, the state agency  
22 shall transmit copies of the guidelines to the fiscal committees and  
23 the appropriate policy committees of the Legislature.

24 79713. It is the intent of the people that the investment of public  
25 funds pursuant to this division should result in public benefits.

26 79714. The State Auditor shall annually conduct an audit of  
27 expenditures from the fund. The State Auditor shall report its  
28 findings to the Governor and the Legislature, and shall make the  
29 findings available to the public.

30 79715. Funds provided by this division shall not be used to  
31 support or pay for the mitigation obligations of private parties or  
32 local agencies under state or federal law.

33  
34 CHAPTER 5. SAFE DRINKING WATER FUND OF 2008

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36 79720. The proceeds of bonds issued and sold pursuant to this  
37 division shall be deposited in the Safe Drinking Water Fund of  
38 2008, which is hereby created.

CHAPTER 6. WATER SUPPLY RELIABILITY

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2  
3 79721. The sum of two billion dollars (\$2,000,000,000) shall  
4 be available for appropriation by the Legislature from the fund to  
5 the department for competitive grants for water supply reliability  
6 in accordance with this chapter.

7 79722. (a) Except as provided in subdivision (g), the  
8 department shall award grants to eligible projects that are consistent  
9 with an adopted integrated regional water management plan.

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

17 (c) For the purposes of awarding a grant under this chapter, the  
18 department shall require a local cost share of not less than 50  
19 percent of project costs. The department may waive or reduce the  
20 cost-sharing requirement for projects that directly benefit a  
21 disadvantaged community.

22 (d) Eligible projects include all of the following:

23 (1) Agricultural and urban water use efficiency implementation  
24 projects, as well as feasibility studies, technical assistance,  
25 education, and public outreach, and projects that result in water  
26 savings, increased instream flow, improved water quality, or  
27 increased energy efficiency.

28 (2) Recycling, reclamation, desalination, and associated  
29 facilities, including distributions systems.

30 (3) Groundwater and surface storage projects, and conjunctive  
31 use and reservoir reoperations projects.

32 (4) Groundwater contamination prevention, cleanup, and  
33 treatment, and other water quality projects necessary to protect  
34 existing or potential water supplies. The implementation of a  
35 project financed pursuant to this paragraph does not relieve a  
36 responsible party or liable person from that person's obligation  
37 under existing state or federal law to clean up or remediate, or  
38 otherwise treat, contaminated water.

39 (5) Other projects that improve water supply reliability or  
40 improve the supply and delivery of safe drinking water.

(e) Eligible applicants are public agencies, public utilities, and mutual water companies. To be eligible for funding under this chapter, projects proposed by public 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.

(f) The funding provided in Section 79721 shall be allocated to each hydrologic region as identified in the California Water Plan in accordance with this subdivision. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County and southern Orange County (designated as the San Diego subregion), the Santa Ana River watershed (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. The department may recognize multiple integrated regional water management plans in each of the areas allocated funding. Funds made available by this chapter shall be allocated as follows:

(1) North Coast	\$70,000,000
(2) San Francisco Bay	\$240,000,000
(3) Central Coast	\$95,000,000
(4) Los Angeles subregion	\$369,000,000
(5) Santa Ana subregion	\$200,000,000
(6) San Diego subregion	\$161,000,000
(7) Sacramento River	\$131,000,000
(8) San Joaquin River	\$103,000,000
(9) Tulare/Kern	\$109,000,000
(10) North/South Lahontan	\$53,000,000
(11) Colorado River Basin	\$69,000,000
(12) Interregional	\$400,000,000

(g) Interregional funds may be expended directly or granted by the department to address multiregional needs or statewide priorities, including, but not limited to, any of the following:

(1) Investing in new water technology development and deployment.

- 1 (2) Meeting state water recycling goals.
- 2 (3) Adapting to climate change impacts.
- 3 (4) Reducing contributions to climate change.
- 4 (5) Other projects to improve statewide water management
- 5 systems.

6  
7 CHAPTER 7. DELTA SUSTAINABILITY

8  
9 79730. (a) The Bay-Delta Estuary is a unique and irreplaceable  
10 combination of environmental and economic resources. Current  
11 management and use of the delta is not sustainable, and results in  
12 a high level of conflict among various interests. Future delta  
13 sustainability is threatened by changing hydrology, climate change,  
14 flood risk, seismic events, nonnative species, toxics, and other  
15 environmental problems. Future management of the delta must  
16 improve delta ecosystem health and improve the means of delta  
17 water conveyance in order to protect drinking water quality,  
18 improve water supply reliability, restore ecosystem health, and  
19 preserve sustainable agricultural and recreational values in the  
20 delta. Many sources of funding will be needed to implement  
21 improved delta management.

22 (b) This chapter provides state funding for public benefits  
23 associated with projects needed to assist in the delta's sustainability  
24 as a vital resource for fish, wildlife, water quality, water supply,  
25 agriculture, and recreation.

26 (c) In implementing this chapter, the department, taking into  
27 consideration the recommendations of the Bay Delta Conservation  
28 Plan and the Blue Ribbon Task Force established by Executive  
29 Order S-17-06, shall develop, in cooperation with the Department  
30 of Fish and Game and the State Water Resources Control Board,  
31 a comprehensive delta sustainability program that includes both  
32 water conveyance and ecosystem improvements, and that meets  
33 the following criteria:

34 (1) Reduces impacts to native fish caused by the operation of  
35 the export pumps and improves the operational flexibility and  
36 ability of the State Water Project and the Central Valley Project  
37 to provide the benefits described by this subdivision.

38 (2) Provides conditions that will allow for habitat improvements  
39 for fish and wildlife in the delta.

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1 (3) Provides improved water supply reliability and conveyance  
2 for the State Water Project and the Central Valley Project and for  
3 water transfers.

4 (4) Reduces the quantity of bromide, total organic carbon, and  
5 total dissolved solids in the water pumped at state and federal water  
6 pumping facilities to protect the public health and improves the  
7 ability of the State Water Project and the Central Valley Project  
8 to manage salinity.

9 (5) Reduces vulnerability to seismic events in or near the delta  
10 and provides flexibility to manage uncertainties associated with  
11 climate change and future fishery needs.

12 (d) Funds provided by this chapter may not be expended for the  
13 design or construction of delta water transfer facilities. All costs  
14 related to any water conveyance improvements shall be the  
15 responsibility of the agencies that benefit from those improvements.

16 (e) The Legislature may only amend or repeal this section by a  
17 statute that is passed in each house by rollcall vote entered into  
18 the journal, two-thirds of the membership concurring.

19 79731. The sum of two billion four hundred million dollars  
20 (\$2,400,000,000) shall be available for appropriation by the  
21 Legislature from the fund for grants and direct expenditure, as  
22 follows:

23 (a) One billion dollars (\$1,000,000,000) for projects that provide  
24 public benefits and support delta sustainability options, including  
25 projects that do any of the following:

26 (1) Ensure that urban and agricultural water supplies derived  
27 from the delta, including water supplies used within the delta to  
28 support beneficial uses, are not disrupted because of catastrophic  
29 failures of delta levees resulting from earthquakes, floods, land  
30 sinking, rising ocean levels, or other forces.

31 (2) Improve the quality of drinking water derived from the delta.

32 (3) Provide physical improvements or other actions to create  
33 waterflow conditions within the delta to provide adequate habitat  
34 for native fish and wildlife.

35 (4) Create sustainable land use patterns and flood structures in  
36 the delta.

37 (5) Protect transportation and other vital infrastructure in and  
38 around the delta.

39 (6) Facilitate other projects that provide public benefits and  
40 support delta sustainability options approved by the Legislature,

1 including costs associated with planning, monitoring, and design  
 2 of alternatives, and project modifications and adaptations necessary  
 3 to achieve the goals of this chapter. Not more than 5 percent of  
 4 the funds allocated under this chapter may be expended for  
 5 planning, monitoring, and design.

6 (b) One billion four hundred million dollars (\$1,400,000,000)  
 7 for projects to protect and enhance the sustainability of the delta  
 8 ecosystem, including any of the following:

9 (1) Projects for the development and implementation of the Bay  
 10 Delta Conservation Plan and projects that are consistent with the  
 11 findings of the Blue Ribbon Task Force established by Executive  
 12 Order S-17-06. The Bay Delta Conservation Plan shall identify  
 13 projects for the enhancement and sustainability of selected fish  
 14 species, and shall be developed to meet the requirements of Chapter  
 15 10 (commencing with Section 2800) of Division 3 of the Fish and  
 16 Game Code. The projects shall be implemented through a  
 17 cooperative effort among regulatory agencies, regulated and  
 18 potentially regulated entities, and affected parties, including state  
 19 and federal water contractors. These funds may be expended for  
 20 the preparation of environmental documentation and environmental  
 21 compliance, and for implementing projects identified in the Bay  
 22 Delta Conservation Plan.

23 (2) Other projects to protect and restore native fish and wildlife  
 24 dependent on the delta ecosystem, including the removal or  
 25 reduction of undesirable invasive species.

26 (3) Projects to reduce greenhouse gas emissions from exposed  
 27 delta soils.

28 (c) (1) Expenditure of any portion of the funds provided  
 29 pursuant to this chapter is contingent on the adoption of a  
 30 comprehensive plan for delta sustainability.

31 (2) The water agency members and nongovernment organization  
 32 members of the Bay Delta Conservation Steering Committee shall  
 33 recommend to the secretary a cost-share formula for the nonstate  
 34 funded share of projects proposed for funding pursuant to paragraph  
 35 (1) of subdivision (b).



- 1 restoration, urban watershed, and stormwater management projects,  
2 including, but not limited to, all of the following watersheds:
- 3 (a) The San Joaquin River watershed.
  - 4 (b) The Sacramento River watershed.
  - 5 (c) The Salton Sea and Colorado River watersheds.
  - 6 (d) The Los Angeles River watershed.
  - 7 (e) The San Gabriel River watershed.
  - 8 (f) The Santa Ana River watershed.
  - 9 (g) The Klamath River , including the Trinity, Scott, and Shasta  
10 Rivers and watersheds.
  - 11 (h) North coast watersheds.
  - 12 (i) San Francisco Bay watersheds.
  - 13 (j) Central coast watersheds.
  - 14 (k) South coast watersheds.
  - 15 (l) Lake Tahoe Basin watershed.
  - 16 (m) Kern River and Tulare Basin.
  - 17 (n) San Diego County coastal watersheds.
  - 18 (o) The Ventura River watershed.
  - 19 (p) The Sierra Nevada Mountain watersheds.
- 20 79771. (a) Funds provided for the Sacramento River and San  
21 Joaquin River watersheds under Section 79770 shall be available  
22 for projects consistent with the ecosystem restoration program  
23 element of the California Bay-Delta Program, or its successor.
- 24 (b) Funds provided for Salton Sea watershed projects under  
25 Section 79770 shall be available for Salton Sea restoration activities  
26 identified for “Period I” in the Resources Agency report entitled  
27 “Salton Sea Ecosystem Restoration Program Preferred Alternative  
28 Report and Funding Plan,” dated May 2007.
- 29 (c) Funds provided for the Lake Tahoe Basin watershed under  
30 Section 79770 shall be available for projects consistent with the  
31 Lake Tahoe Environmental Improvement Program.
- 32 (d) Funds provided for the Los Angeles River and San Gabriel  
33 River watersheds under Section 79770 shall be available pursuant  
34 to Section 79508, and for projects within the City of Los Angeles,  
35 consistent with the Los Angeles River Revitalization Master Plan.
- 36 79772. (a) The sum of eighty-five million dollars  
37 (\$85,000,000) shall be available for appropriation by the  
38 Legislature from the fund to the Department of Fish and Game for  
39 expenditures and grants to protect the delta ecosystem and the  
40 state’s water supply from invasive species, including, but not

1 limited to, asiatic clams, zebra mussels, quagga mussels, and New  
2 Zealand mud snails.

3 (b) At least fifty million dollars (\$50,000,000) of the funds  
4 provided pursuant to subdivision (a) shall be available for grants  
5 to public agencies, including water agencies, to pay for capital  
6 expenditures associated with the control of invasive species,  
7 including, but not limited to, chlorination facilities, habitat  
8 modifications, and monitoring equipment. The Department of Fish  
9 and Game shall administer the grant program.

10 79773. For restoration and ecosystem protection projects under  
11 this chapter, the services of the California Conservation Corps or  
12 community conservation corps shall be used whenever feasible.

13 79774. Funds provided under this chapter may be appropriated  
14 to the Resources Agency, the Department of Fish and Game, the  
15 Department of Parks and Recreation, or state conservancies for  
16 expenditures and grants consistent with this chapter.

17 79774.1. Of the funds made available pursuant to this chapter,  
18 not less than two hundred million dollars (\$200,000,000) shall be  
19 available to the State Coastal Conservancy for coastal watershed  
20 projects.

21 79774.2. Of the funds provided in Section 79770, not less than  
22 one hundred million dollars (\$100,000,000) shall be available to  
23 the Wildlife Conservation Board for direct expenditure or grants  
24 for the acquisition of water rights from willing sellers and the  
25 conveyance of water for the benefit of migratory birds on wildlife  
26 refuges and wildlife habitat areas subject to Section 3406(d) of the  
27 federal Central Valley Project Improvement Act (Public Law  
28 102-575).

29 79774.5. For the purposes of this chapter, the terms  
30 “restoration” and “protection” have the meanings set forth in  
31 Section 75005 of the Public Resources Code.

32

33 CHAPTER 14. GROUNDWATER PROTECTION AND WATER  
34 QUALITY

35

36 79775. The sum of four hundred million dollars (\$400,000,000)  
37 shall be available for appropriation by the Legislature from the  
38 fund for expenditures, grants, and loans for projects to prevent or  
39 reduce the contamination of groundwater that serves as a source  
40 of drinking water. Funds appropriated by this chapter shall be

1 available for projects necessary to protect public health by  
2 preventing or reducing the contamination of groundwater that  
3 serves as a major source of drinking water for a community.

4 (a) Projects shall be prioritized based upon the following criteria:

5 (1) The threat posed by groundwater contamination to the  
6 affected community's overall drinking water supplies, including  
7 the need for treatment of alternative supplies if groundwater is not  
8 available due to contamination.

9 (2) The potential for groundwater contamination to spread and  
10 reduce drinking water supply and water storage for nearby  
11 population areas.

12 (3) The potential of the project, if fully implemented, to enhance  
13 local water supply reliability.

14 (4) The potential of the project to increase opportunities for  
15 groundwater recharge and optimization of groundwater supplies.

16 (b) The board shall give additional consideration to projects  
17 that meet any of the following criteria:

18 (1) The project is implemented pursuant to a comprehensive  
19 basinwide groundwater quality management and remediation plan  
20 or is necessary to develop a comprehensive groundwater plan.

21 (2) Affected groundwater provides a local supply that, if  
22 contaminated and not remediated, will require import of additional  
23 water from outside the region.

24 (3) The project will serve an economically disadvantaged  
25 community.

26 (4) The project is part of a basinwide management and  
27 remediation plan for which federal funds have been allocated.

28 (5) The project addresses contamination at a site on the list  
29 maintained by the Department of Toxic Substances Control  
30 pursuant to Section 25356 of the Health and Safety Code or a site  
31 listed on the National Priorities List pursuant to the Comprehensive  
32 Environmental Response, Compensation, and Liability Act of 1980  
33 (42 U.S.C. Sec. 9601 et seq.).

34 (c) The Legislature, by statute, shall establish both of the  
35 following:

36 (1) Requirements for repayment of grant funds in the event of  
37 cost recovery from parties responsible for the groundwater  
38 contamination.

1 (2) Requirements for recipients of grants to make reasonable  
2 efforts to recover costs from parties responsible for groundwater  
3 contamination.

4 79776. The sum of one hundred million dollars (\$100,000,000)  
5 shall be available for appropriation by the Legislature from the  
6 fund to the State Water Resources Control Board for grants for  
7 small community wastewater treatment projects to protect water  
8 quality that meet the following criteria:

9 (a) The project is for the planning, design, permitting,  
10 construction, or improvement of a wastewater treatment facility,  
11 sewer system, or related infrastructure necessary to meet water  
12 quality standards or prevent contamination of surface water or  
13 groundwater resources.

14 (b) The project will serve a community with a population of  
15 20,000 or less.

16 (c) The project meets other standards that may be established  
17 by the State Water Resources Control Board with respect to the  
18 design, construction, financing, and operation of the project.

19 79777. (a) The sum of five hundred million dollars  
20 (\$500,000,000) shall be available for appropriation by the  
21 Legislature from the fund to the State Water Resources Control  
22 Board for competitive grants and loans for stormwater management  
23 and water quality projects pursuant to this section.

24 (b) Eligible projects shall assist in compliance with total  
25 maximum daily load (TMDL) implementation plans and be  
26 consistent with all applicable water quality permits.

27 (c) Eligible projects include facilities and infrastructure to  
28 reduce, manage, and treat stormwater runoff, including, but not  
29 limited to:

- 30 (1) Detention and retention basins.
- 31 (2) Dry weather diversion facilities, trash filters, and screens.
- 32 (3) Treatment wetlands creation and enhancement.
- 33 (4) Stormwater runoff reduction projects, including permeable  
34 surface installation, cisterns, and collection and treatment facilities  
35 for groundwater recharge.

36 (d) The board shall require not less than a 50 percent local cost  
37 share for grant funds, but may suspend or reduce the matching  
38 requirements for disadvantaged communities.

39 (e) The board shall award grants on a competitive basis,  
40 considering the following criteria:

1 (1) Water quality benefits of the project, including the project's  
2 ability to reduce impairment of the receiving water body.

3 (2) Cost effectiveness.

4 (3) Public health benefits of the project.

5 (f) Eligible recipients shall include local public agencies and  
6 joint powers authorities.

7 79778. The sum of one hundred million dollars (\$100,000,000)  
8 shall be transferred from the fund to the California Ocean  
9 Protection Trust Fund established pursuant to Section 35650 of  
10 the Public Resources Code for expenditure, upon appropriation  
11 by the Legislature, by the Ocean Protection Council for grants to  
12 public agencies for projects to protect and improve water quality  
13 in areas of special biological significance, as defined in subdivision  
14 (f) of Section 36700 of the Public Resources Code.

15

16 CHAPTER 15. WATER RECYCLING PROGRAM

17

18 79779. The sum of two hundred fifty million dollars  
19 (\$250,000,000) shall be available for appropriation by the  
20 Legislature from the fund to the State Water Resources Control  
21 Board for grants and loans for water recycling projects consistent  
22 with Article 4 (commencing with Section 79135) of Chapter 7 of  
23 Division 26. Not less than one hundred million dollars  
24 (\$100,000,000) of this amount shall be available for projects to  
25 restore water supply lost as a result of groundwater contamination.

26

27 CHAPTER 16. FISCAL PROVISIONS

28

29 79780. (a) Bonds in the total amount of \_\_\_\_\_, not including  
30 the amount of any refunding bonds issued in accordance with  
31 Section 79792, or so much thereof as is necessary, may be issued  
32 and sold to provide a fund to be used for carrying out the purposes  
33 expressed in this division and to reimburse the General Obligation  
34 Bond Expense Revolving Fund pursuant to Section 16724.5 of the  
35 Government Code. The bonds, when sold, shall be and constitute  
36 valid and binding obligations of the State of California, and the  
37 full faith and credit of the State of California is hereby pledged  
38 for the punctual payment of both the principal of, and interest on,  
39 the bonds as the principal and interest become due and payable.

1 (b) The Treasurer shall sell the bonds authorized by the  
2 committee pursuant to this section. The bonds shall be sold upon  
3 the terms and conditions specified in a resolution to be adopted  
4 by the committee pursuant to Section 16731 of the Government  
5 Code.

6 79781. The bonds authorized by this division shall be prepared,  
7 executed, issued, sold, paid, and redeemed as provided in the State  
8 General Obligation Bond Law, and all of the provisions of that  
9 law apply to the bonds and to this division and are hereby  
10 incorporated in this division as though set forth in full in this  
11 division, except Section 16727 of the Government Code shall not  
12 apply to the extent that it is inconsistent with any other provision  
13 of this division.

14 79782. (a) Solely for the purpose of authorizing the issuance  
15 and sale, pursuant to the State General Obligation Bond Law, of  
16 the bonds authorized by this division, the Safe Drinking Water  
17 Finance Committee is hereby created. For purposes of this division,  
18 the Safe Drinking Water Finance Committee is “the committee”  
19 as that term is used in the State General Obligation Bond Law.

20 (b) The committee consists of the Director of Finance, the  
21 Treasurer, the Controller, the Director of Water Resources, and  
22 the Secretary for the Resources Agency. Notwithstanding any other  
23 provision of law, any member may designate a deputy to act as  
24 that member in his or her place for all purposes, as though the  
25 member were personally present.

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

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

29 79783. The committee shall determine whether or not it is  
30 necessary or desirable to issue bonds authorized pursuant to this  
31 division to carry out the actions specified in this division and, if  
32 so, the amount of bonds to be issued and sold. Successive issues  
33 of bonds may be authorized and sold to carry out those actions  
34 progressively, and it is not necessary that all of the bonds  
35 authorized to be issued be sold at any one time.

36 79784. “Board,” as defined in Section 16722 of the Government  
37 Code for the purposes of compliance with the State General  
38 Obligation Bond Law, means the department.

39 79785. There shall be collected each year and in the same  
40 manner and at the same time as other state revenue is collected,

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

6 79786. 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 79789, appropriated without regard to fiscal years.

15 79787. The board may request the Pooled Money Investment  
16 Board to make a loan from the Pooled Money Investment Account  
17 in accordance with Section 16312 of the Government Code for the  
18 purpose of carrying out this division. The amount of the request  
19 shall not exceed the amount of the unsold bonds that the committee  
20 has, by resolution, authorized to be sold for the purpose of carrying  
21 out this division. The board shall execute those documents required  
22 by the Pooled Money Investment Board to obtain and repay the  
23 loan. Any amounts loaned shall be deposited in the fund to be  
24 allocated in accordance with this division.

25 79788. Notwithstanding any other provision of this division,  
26 or of the State General Obligation Bond Law, if the Treasurer sells  
27 bonds that include a bond counsel opinion to the effect that the  
28 interest on the bonds is excluded from gross income for federal  
29 tax purposes under designated conditions, the Treasurer may  
30 maintain separate accounts for the bond proceeds invested and for  
31 the investment earnings on those proceeds, and may use or direct  
32 the use of those proceeds or earnings to pay any rebate, penalty,  
33 or other payment required under federal law or take any other  
34 action with respect to the investment and use of those bond  
35 proceeds, as may be required or desirable under federal law in  
36 order to maintain the tax-exempt status of those bonds and to obtain  
37 any other advantage under federal law on behalf of the funds of  
38 this state.

39 79789. For the purposes of carrying out this division, the  
40 Director of Finance may authorize the withdrawal from the General

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

9 79790. All money deposited in the fund that is derived from  
10 premiums and accrued interest on bonds sold pursuant to this  
11 division shall be reserved in the fund and shall be available for  
12 transfer to the General Fund as a credit to expenditures for bond  
13 interest.

14 79791. Pursuant to Chapter 4 (commencing with Section  
15 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
16 the cost of bond issuance shall be paid out of the bond proceeds.  
17 These costs shall be shared proportionately by each program funded  
18 through this division.

19 79792. The bonds issued and sold pursuant to this division  
20 may be refunded in accordance with Article 6 (commencing with  
21 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
22 the Government Code, which is a part of the State General  
23 Obligation Bond Law. Approval by the electors of the state for the  
24 issuance of the bonds under this division shall include approval  
25 of the issuance of any bonds issued to refund any bonds originally  
26 issued under this division or any previously issued refunding bonds.

27 79793. The Legislature hereby finds and declares that,  
28 inasmuch as the proceeds from the sale of bonds authorized by  
29 this division are not “proceeds of taxes” as that term is used in  
30 Article XIII B of the California Constitution, the disbursement of  
31 these proceeds is not subject to the limitations imposed by that  
32 article.

33 SEC. 2. (a) Notwithstanding the requirements of Sections  
34 9040, 9043, 9044, 9061, and 9082 of the Elections Code or any  
35 other provision of law, the Secretary of State shall submit Section  
36 1 of this act to the voters at the \_\_\_\_ election.

37 (b) Notwithstanding Section 13115 of the Elections Code,  
38 Section 1 of this act and any other measure placed on the ballot  
39 by the Legislature for the \_\_\_\_ election after the 131-day deadline  
40 set forth in Section 9040 of the Elections Code shall be placed on

1 the ballot, following all other ballot measures, in the order in which  
2 they qualified as determined by chapter number.

3 (c) The Secretary of State shall include, in the ballot pamphlets  
4 mailed pursuant to Section 9094 of the Elections Code, the  
5 information specified in Section 9084 of the Elections Code  
6 regarding the bond act contained in Section 1 of this act. If that  
7 inclusion is not possible, the Secretary of State shall publish a  
8 supplemental ballot pamphlet regarding this act to be mailed with  
9 the ballot pamphlet. If the supplemental ballot pamphlet cannot  
10 be mailed with the ballot pamphlet, the supplemental ballot  
11 pamphlet shall be mailed separately.

12 SEC. 3. (a) (1) Notwithstanding Section 9051 of the Elections  
13 Code or any other provision of law, the Attorney General shall  
14 provide and return to the Secretary of State a ballot title and  
15 summary in 10-point type for all state ballot pamphlets of the \_\_\_\_  
16 election that contains the following title and summary for Senate  
17 Bill \_\_\_\_, adopted by the Legislature at the 2007–08 Second  
18 Extraordinary Session:

19  
20 “SAFE DRINKING WATER ACT OF 2008” and in the same  
21 square under those words:

22 “Safeguards supplies of safe, clean drinking water to California  
23 homes, farms, and businesses. Expands conservation, cleans up  
24 polluted wells, expands flood prevention and environmental  
25 protection of water sources supplying the State Water Project.  
26 Authorizes \_\_\_\_ billion in general obligation bonds.”

27  
28 (2) The language in paragraph (1) shall be the only language  
29 included in the title and summary for Senate Bill \_\_\_\_, adopted  
30 by the Legislature at the 2007–08 Second Extraordinary Session,  
31 and the Attorney General shall not supplement, subtract from, or  
32 revise that language.

33 (3) Notwithstanding any other provision of law, including  
34 Sections 9050, 9051, 13247, 13262, and 13281 of the Elections  
35 Code, the language in paragraph (1) for the title and summary shall  
36 also be the language included in the ballot label for the condensed  
37 statement of the ballot title, and the Attorney General shall not  
38 supplement, subtract from, or revise that language, except that the  
39 Attorney General may include the fiscal impact summary prepared  
40 pursuant to Section 9087 of the Elections Code and Section 88003

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1 of the Government Code. The ballot label is the condensed  
2 statement of the ballot title and the financial impact summary.

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

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

11 SEC. 4. Section 1 of this act shall take effect only upon the  
12 approval by the voters of the Safe Drinking Water Act of 2008, as  
13 set forth in that section.

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

18 In order to finance a critical water supply reliability and  
19 environmental restoration program as soon as possible, it is  
20 necessary that this act take effect immediately.

O