

# **WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002**

Approved by the voters on November 5, 2002, as Proposition 50 and annotated to reflect subsequent implementing statutes as of November 23, 2004

## **WATER CODE DIVISION 26.5 (annotated with implementing statutes)**

### **Chapter 1 General Provisions**

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

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

- (a) Secure and safeguard the integrity of the state's water supply from catastrophic damage or failure from terrorist acts or other deliberate acts of destruction.
- (b) Provide a safe, clean, affordable, and sufficient water supply to meet the needs of California residents, farms, and businesses.
- (c) Provide adequate financing for balanced implementation of the CALFED Bay-Delta Program to:
  - (1) Provide good water quality for all beneficial uses.
  - (2) Improve and increase aquatic and terrestrial habitats and improve ecological functions in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary to support sustainable populations of diverse plant and animal species.
  - (3) Reduce the mismatch between Bay-Delta water supplies and current and projected beneficial uses dependent on the Bay-Delta system.
  - (4) Reduce the risk to land uses and associated economic activities, water supply, infrastructure, and ecosystems from catastrophic breaching of Delta levees.
- (d) Establish and facilitate integrated regional water management systems and procedures to meet increasing water demands due to significant population growth that is straining local infrastructure and water supplies.
- (e) Improve practices within watersheds to improve water quality, reduce pollution, capture additional storm water runoff, protect and manage groundwater better, and increase water use efficiency.
- (f) Protect urban communities from drought, increase supplies of clean drinking water, reduce dependence on imported water, reduce pollution of rivers, lakes, streams, and coastal waters, and provide habitat for fish and wildlife.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**79505.5. (added by Ch.240/03 AB 1747)**

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

(a) "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

(b) "Matching funds" means funds made available by nonstate sources, which may include, but are not limited to, donated services from nonstate sources.

**(added by Ch. 741/03 SB 1049)**

(c) Notwithstanding subdivision (b), matching funds for a state agency may include state funds and services.

**79505.6. (added by Ch.240/03 AB 1747 AS amended by Ch. 716/04 SB 117)  
(see notwithstanding language at end of document)**

(a)(1) By March 15, 2004, each state agency disbursing grants or loans pursuant to this division shall develop project solicitation and evaluation guidelines. The guidelines may include a limitation on the size of grants or loans to be awarded.

(2) Prior to disbursing grants, each state agency shall conduct two public meetings to consider public comments prior to finalizing the guidelines. Each state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before the public meetings. One meeting shall be conducted at a location in northern California and one meeting shall be conducted at a location in southern California. Upon adoption, each state agency shall transmit copies of the guidelines to the fiscal committees and the appropriate policy committees of the Legislature. To the extent feasible, each state agency shall provide outreach to disadvantaged communities to promote access and participation in those meetings.

(3) (A) Subject to subparagraph (B), the guidelines may include a requirement for matching funds.

(B) A state agency may not require matching funds for the purposes of awarding a grant financed by this division to assist a disadvantaged community, except as follows:

(i) For the purposes of awarding a grant pursuant to subdivision (a) of Section 79545, the department shall impose matching fund requirements in accordance with subdivision (a) of Section 79545.

(ii) For the purposes of awarding a grant subject to Section 79564, the board shall impose matching fund requirements in accordance with subdivision (b) of Section 79564.

(b) Notwithstanding subdivision (a), a state agency, in lieu of adopting guidelines pursuant to subdivision (a), may use guidelines existing on January 1,

2004, to the extent those guidelines conform to the applicable requirements of this division.

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

**79506.7. (added by Ch.240/03 AB 1747) (see Notwithstanding language at end of document)**

State agencies that are authorized to award loans or grants financed by this division shall provide technical assistance with regard to the preparation of the applications for those loans or grants in a manner that, among other things, addresses the needs of economically disadvantaged communities.

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

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

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

**79509.6. (added by Ch.230/04 SB 1107).**

(a) For the purposes of ensuring compliance with Section 79509, the California Bay-Delta Authority shall review regulations, guidelines, or criteria that are proposed by an implementing agency to carry out a grant program for projects and activities that meet the following criteria:

(1) The project is located within the CALFED solution area as defined in the CALFED final programmatic environmental impact statement/environmental impact report, dated July 2000.

(2) The project wholly or partially assists in the fulfillment of one or more of the goals of the CALFED Bay-Delta Program.

(b) Except for projects financed pursuant to Chapter 6 (commencing with Section 79545) or Chapter 10 (commencing with Section 79570), the California Bay-Delta Authority may review, and comment to the appropriate implementing agency with regard to, a proposal to award a grant pursuant to this division on behalf of a project that meets the criteria set forth in subdivision (a) for the purposes of determining whether or not the project is consistent with the CALFED Programmatic Record of Decision.

(c) To avoid any delays in project awards, the opportunity for review by the California Bay-Delta Authority pursuant to subdivision (b) shall be incorporated into the grant program schedules established by the implementing agencies.

(d) For the purposes of this section, "implementing agency" has the same definition as that set forth in subdivision (h) of Section 79402

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

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

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

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

## **Chapter 3 Water Security**

**79520.** The sum of fifty million dollars (\$50,000,000) shall be available for appropriation by the Legislature from the fund for the purpose of protecting state, local, and regional drinking water systems from terrorist attack or deliberate acts of destruction or degradation. This money may be expended or granted for monitoring and early warning systems, fencing, protective structures, contamination treatment facilities, emergency interconnections, communications systems, and other projects designed to prevent damage to water treatment, distribution, and supply facilities, to prevent disruption of drinking water deliveries, and to protect drinking water supplies from intentional contamination.

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

**79522. (added by Ch.240/03 AB 1747)**

(a) Funds made available pursuant to Section 79520 shall be appropriated to the State Department of Health Services to carry out this chapter consistent with the requirements and for the purposes specified in Section 79520.

(b) In the development of priorities for expenditure of the funds appropriated for the purposes of this section, the State Department of Health Services shall consult with the Office of Emergency Services, the state Office of Homeland Security and local water agencies to develop criteria for the department's programs.

(c) Funds allocated pursuant to this section shall not be available for grants that reimburse project costs incurred prior to the adoption of criteria for the grants provided in this section.

(d) No grant funds may be awarded to supplant funding for the routine responsibilities or obligations of any state, local, or regional drinking water system.

#### **Chapter 4. Safe Drinking Water**

**79530.** (a) The sum of four hundred thirty-five million dollars (\$435,000,000) shall be available for appropriation by the Legislature from the fund to the State Department of Health Services for grants and loans for infrastructure improvements and related actions to meet safe drinking water standards including, but not limited to, the following types of projects:

(1) Grants to small community drinking water systems to upgrade monitoring, treatment, or distribution infrastructure.

(2) Grants to finance development and demonstration of new technologies and related facilities for water contaminant removal and treatment.

(3) Grants for community water quality monitoring facilities and equipment.

(4) Grants for drinking water source protection.

(5) Grants for treatment facilities necessary to meet disinfectant by-product safe drinking water standards.

(6) Loans pursuant to the Safe Drinking Water State Revolving Fund Law of 1997 (Chapter 4.5 (commencing with Section 116760) of Part 12 of Division 104 of the Health and Safety Code).

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

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

**79532. (added by Ch.240/03 AB 1747)**

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

(b) (1) Grant funds appropriated for the purposes of subdivision (b) of Section 79530 shall be awarded on a competitive basis.

(2) The department shall consolidate the application process required to implement the grant program described in this section.

(c) For the purposes of this chapter, "Southern California water agencies" means water agencies whose service area is entirely or partly in one or more of the following counties: San Diego, Imperial, Riverside, Orange, Los Angeles, San Bernardino, Santa Barbara, or Ventura.

(d) Grants may be awarded to Southern California water agencies for eligible projects undertaken by one or more Southern California water agencies and other entities.

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

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

(2) The project will assist in meeting the state's commitment to reduce Colorado River water use to 4.4 million acre-feet per year.

(f) In the development of criteria for the grants awarded pursuant to this section, the State Department of Health Services shall consult with the Office of Environmental Health Hazard Assessment for the purposes of developing a program that gives priority to projects that reduce public and environmental exposure to contaminants that pose the most significant health risks, and that will bring water systems into compliance with safe drinking water standards. These include, but are not limited to, projects that address public exposure to contaminants for which safe drinking water standards have been established, including arsenic, disinfection byproducts and uranium. Projects to address emerging contaminants, including perchlorate, chromium 6, and endocrine disrupters shall also be given priority.

**79534. (added by Ch.240/03 AB 1747)**

(a) Funds made available pursuant to paragraph (1), (2), (3), (4), or (5) of subdivision (a) of Section 79530, and not for the purposes of subdivision (b) of that section, shall be administered in accordance with this section.

(b) (1) Grants shall be awarded in accordance with subdivision (a) of Section 79530 on a statewide competitive basis.

(2) A project that is eligible for funding for the purposes of subdivision (b) of Section 79530 is not eligible for a grant subject to this section.

(c) For the purposes of this chapter, "small community" means a municipality with a population of 3,300 persons or fewer, or 1,000 connections or fewer.

(d) The State Department of Health Services shall consolidate the application process required to implement the grant program described in this section.

(e) In the development of criteria for the grants awarded under this section, the State Department of Health Services shall consult with the Office of Environmental Health Hazard Assessment for the purpose of developing a

program that gives priority to projects that pose the most significant health risks, and that will bring water systems into compliance with safe drinking water standards. These include, but are not limited to, projects that address public exposure to contaminants for which safe drinking water standards have been established, including arsenic, disinfection byproducts and uranium. Projects to address emerging contaminants, including perchlorate, chromium 6, and endocrine disrupters shall also be given priority.

(f) Grants awarded pursuant to this section may not exceed ten million dollars (\$10,000,000) for any one project. (added by Ch.240/03 AB 1747)

## **Chapter 5. Clean Water and Water Quality**

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

- (1) Water pollution prevention.
  - (2) Water reclamation.
  - (3) Water quality improvement.
  - (4) Water quality blending and exchange projects.
  - (5) Drinking water source protection projects.
  - (6) Projects to mitigate pathogen risk from recreational uses at drinking water storage facilities.
- (b) Priority shall be given to projects that assist in meeting water quality standards established by the board.

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

### **79540.1. (added by Ch.240/03 AB 1747)**

(a) Grants shall be awarded in accordance with Section 79540 on a statewide competitive basis.

(b) To the extent funds appropriated pursuant to Section 79540 are expended for the purposes of programs established under Division 20.4 (commencing with Section 30901) of the Public Resources Code, those funds shall comply with the requirements of that division.

**79541.** The sum of one hundred million dollars (\$100,000,000) shall be available for appropriation by the Legislature from the fund to the secretary for the acquisition from willing sellers, restoration, protection, and development of river parkways. The secretary shall allocate this money in accordance with Article 6 (commencing with Section 78682) of Chapter 6 of Division 24 or pursuant to any other statute that provides for the acquisition, restoration, protection, and development of river parkways. Priority shall be given to projects that are implemented pursuant to approved watershed plans and include water quality and watershed protection benefits. This money may also be used to acquire facilities necessary to provide flows to improve water quality downstream.



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

**79543. (as amended by Ch. 493/03 AB 866 effective 1/1/04)**

(a) The sum of one hundred million dollars (\$100,000,000) shall be available for appropriation by the Legislature from the fund to the board for the purpose of financing projects that restore and protect the water quality and environment of coastal waters, estuaries, bays and near-shore waters, and groundwater.

(b) All expenditures, grants, and loans made pursuant to this section shall be consistent with the requirements of Article 5 (commencing with Section 79148) of Chapter 7 of Division 26.

(c) Not less than twenty million dollars (\$20,000,000) shall be expended to implement priority actions specified in the Santa Monica Bay Restoration Plan.

**Money appropriated pursuant to this subdivision shall be allocated as recommended by the Santa Monica Bay Restoration Commission).**

(d) Money made available pursuant to this section shall supplement, not supplant, money appropriated or available pursuant to that Article 5 (commencing with Section 79148), and no money appropriated pursuant to this section shall be used for a project for which an appropriation was made pursuant to that Article 5 (commencing with Section 79148).

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

## **Chapter 6. Contaminant and Salt Removal Technologies**

**79545.** The sum of one hundred million dollars (\$100,000,000) shall be available for appropriation by the Legislature from the fund to the department for grants for the following projects:

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

(b) Pilot and demonstration projects for treatment or removal of the following contaminants:

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

- (2) N-Nitrosodimethylamine (NDMA).
- (3) Perchlorate.
- (4) Radionuclides, such as radon, uranium, and radium.
- (5) Pesticides and herbicides.
- (6) Heavy metals, such as arsenic, mercury, and chromium.
- (7) Pharmaceuticals and endocrine disrupters.
- (c) Drinking water disinfecting projects using ultraviolet technology and ozone treatment.

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

**79547. (added by Ch.240/03 AB 1747)**

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

(b) Grants shall be awarded in accordance with Section 79545 on a statewide competitive basis.

**79547.2. (added by Ch.240/03 AB 1747)**

(a) For the purposes of implementing subdivision (a) of Section 79545, eligible projects shall be selected based on demonstrated need for new or alternative water supplies, project readiness, and the degree to which the project avoids or mitigates adverse environmental impacts. Preference shall be given to eligible projects that incorporate ecosystem restoration and water quality benefits.

(b) A grant made pursuant to subdivision (a) of Section 79545 may not exceed five million dollars (\$5,000,000).

(c) For the purposes of this section, "desalination project" includes construction, planning, engineering, design, environmental assessments, or related work necessary for the construction of a desalination facility, or the construction of a pilot or demonstration facility.

## **Chapter 7. CALFED Bay-Delta Program**

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

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

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

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

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

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

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

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

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

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

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

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

**79555. (added by Ch.240/03 AB 1747)**

(a) For the 2004-05 fiscal year, and each fiscal year thereafter, not less than 50 percent of the funds made available pursuant to subdivision (d) of Section 79550 for acquisition of water for the CALFED environmental water account shall be expended for long-term water purchase contracts, permanent water rights, and associated costs.

(b) The California Bay-Delta Authority shall report annually to the Legislature on the state's efforts in acquiring long-term purchase contracts and permanent water rights in accordance with this section.

## Chapter 8. Integrated Regional Water Management

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

### **79560.1. (added by Ch.618/02)**

(a) The department shall administer 50 percent of the funds, and the board shall administer the remaining 50 percent of the funds, made available to the program described in Sections 79560 and 79561.

(b) For projects proposed to be funded pursuant to Section 79560 that include any modification of a river or stream channel, the state agency making the grant, prior to the award of the grant, shall determine whether the environmental impacts resulting from that modification will be fully mitigated by considering all of the impacts of that modification and any mitigation, environmental enhancement, and environmental benefit resulting from the project, and determining whether, on balance, any environmental enhancement or benefit equals or exceeds any negative environmental impacts of the project. The costs of mitigation or enhancement may be included in the project costs eligible for funding pursuant to Section 79560.

(c) This section shall become operative only if the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 is approved by the voters at the November 5, 2002, statewide general election.

### **79560.5. (added by Ch.240/03 AB 1747)**

For the purposes of carrying out this chapter, the department and the board shall jointly develop project solicitation and evaluation guidelines. Before developing the solicitation and evaluation guidelines, the department and the board shall jointly conduct a public meeting to receive public comments on the scope, procedures, and content of the guidelines. Considering the public comments, the department and the board shall jointly develop solicitation and evaluation guidelines that are consistent with law and state programs and policies. The department and the board shall post the solicitation and evaluation guidelines on their respective Internet Web sites.

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

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

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

**79561.5. (added by Ch.240/03 AB 1747)**

(a) Notwithstanding any other provision of law, of the funds appropriated to the department for the purposes of Section 79560 and 79560.1, the department shall allocate the sum of not less than twenty million dollars (\$20,000,000) to competitive grants for groundwater management and recharge projects. The department shall not allocate funds pursuant to this section unless it determines that the allocation is consistent with this division, as approved by the voters at the November 5, 2002, statewide general election.

(b) It is the intent of the Legislature that these funds be used to enhance water supply in rapidly growing areas of this state with limited access to imported water supplies.

(c) Not more than 50 percent of the grants pursuant to this section shall be for projects in northern California. For projects in southern California, the department shall give preference to projects outside the service area of the Metropolitan Water District of Southern California that are infill projects within one mile of established residential and commercial development.

(d) As used in this section, the term "rapidly growing areas" means counties located in southern California where the county population increased by 2.4 percent or more between January 1, 2002, and January 1, 2003.

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

**79562.5. (added by Ch.240/03 AB 1747)**

(a) For the purposes of carrying out Section 79560, the department shall award grants to eligible projects consistent with an adopted integrated regional water management plan.

(b) For purposes of subdivision (a), the department shall establish standards for integrated regional water management plans. At a minimum, these plans shall address the major water related objectives and conflicts of the watersheds in the region covered by the plan, including water supply, groundwater management, ecosystem restoration, and water quality elements, and may include other elements consistent with this chapter.

(c) The department may waive the requirement for consistency with an adopted integrated regional water management plan until January 1, 2007, if the applicant is engaged in the development of an integrated regional water management plan and indicates, within its grant application, how the project fits into achieving the integrated regional water management plan objectives.

(d) The department may waive the matching fund requirement for disadvantaged communities.

(e) For groundwater management and recharge projects and for projects with potential groundwater impacts, the board and the department shall give preference to eligible projects in areas subject to a groundwater management plan that meets the requirements of Section 10753.7, or that includes the development of a groundwater management plan as a project component.

(f) The maximum award for any single grant pursuant to this section may not exceed fifty million dollars (\$50,000,000).

(g) The department shall require that eligible projects include a nonstate contribution.

(h) For the purposes of implementing Section 79563, and to the extent funds are expended for the purposes of Section 30947 of the Public Resources Code, those funds shall comply with the requirements of that section.

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

**79563.5 (added by Ch. 493/03 AB 866 effective 1/1/04)**

(a) The board, to the extent that funds are appropriated pursuant to Section 79563 of the Water Code for purposes that are consistent with this section, shall fund the development of one or more integrated coastal watershed management plans.

(b) The plans shall be designed to allow for the integration of projects funded by the State Coastal Conservancy pursuant to Chapter 5.5 (commencing with Section 31220) of Division 21 of the Public Resources Code, and projects funded by the board pursuant to Chapter 3 (commencing with Section 30915) and Article 5 (commencing with Section 30945) of Chapter 4, of Division 20.4 of the Public Resources Code, within one or more coastal regions.

(c) The planning areas shall be selected by the board in consultation with the State Coastal Conservancy and the Department of Fish and Game and shall

include coastal watersheds that influence water quality in areas of special biological significance.

(d) The board may only expend funds for the purposes of this section to the extent the board determines that the expenditures are consistent with the requirements of this chapter.

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

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

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

**79564.1. (added by Ch.240/03 AB 1747)**

(a) Of the funds made available by Section 79560, not less than 40 percent shall be available for eligible projects in northern California and not less than 40 percent be available for eligible projects in southern California, subject to a determination by the administering agency that each project meets all of the requirements of this chapter.

(b) For the purposes of this section, "southern California" means the Counties of San Diego, Imperial, Riverside, Orange, Los Angeles, Santa Barbara, San Bernardino, and Ventura.

(c) For the purposes of this section, "northern California" means all California counties except those identified in subdivision (b).

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

## **Chapter 9. Colorado River**

**79567.** The sum of twenty million dollars (\$20,000,000) shall be available for appropriation by the Legislature from the fund to the department for grants for canal lining and related projects necessary to reduce Colorado River water use pursuant to the California Colorado River Water Use Plan adopted by the Colorado River Board of California.

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

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

## **Chapter 10. Coastal Watershed and Wetland Protection**

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

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

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

(c) The sum of forty million dollars (\$40,000,000) to the Santa Monica Mountains Conservancy. Twenty million dollars (\$20,000,000) of this sum shall be expended for protection of the Los Angeles River watershed upstream of the northernmost boundary of the City of Vernon, and twenty million dollars (\$20,000,000) shall be expended for protection of the Santa Monica Bay and Ventura County coastal watersheds, pursuant to Division 23 (commencing with Section 33000) of the Public Resources Code.

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

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

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



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

**79572.** (a) Notwithstanding Section 13340 of the Government Code, the sum of seven hundred fifty million dollars (\$750,000,000) is hereby continuously appropriated from the fund to the Wildlife Conservation Board, without regard to fiscal years, for the acquisition, protection, and restoration of coastal wetlands, upland areas adjacent to coastal wetlands, and coastal watershed lands. Money appropriated pursuant to this section shall be for the acquisition, protection, and restoration of lands in or adjacent to urban areas. Eligible projects shall be limited to the following:

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

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

(b) Not less than three hundred million dollars (\$300,000,000) of the amount appropriated in this section shall be expended or granted for projects within Los Angeles and Ventura Counties. Of the remaining funds available pursuant to this section the Wildlife Conservation Board shall give priority to the acquisition of not less than 100 acres consisting of upland mesa areas, including wetlands therein, adjacent to the state ecological reserve in the Bolsa Chica wetlands in Orange County.

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

**79573.** (a) The purchase price for each acquisition made pursuant to Section 79572 shall not exceed the fair market value of the property as defined in Section

1263.320 of the Code of Civil Procedure. Fair market value shall be determined by an appraisal that is prepared by a licensed real estate appraiser and approved by the Wildlife Conservation Board and the Department of General Services.

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

### **Chapter 10.5 Reporting**

**79575. (added by Ch.240/03 AB 1747 AS amended by Ch. 716/04 SB 117)  
(see notwithstanding language at end of document)**

Not later than January 1, 2005, and on or before January 1 of each year thereafter, each state agency expending funds pursuant to this division for projects, grants, or loans shall report to the Legislature on the recipient and amount of each project, grant, or loan awarded under this division during the previous fiscal year. The information shall include the total amount awarded, categorized by project, grant, or loan, the geographic distribution of projects, grants, or loans awarded under this division, and the intended public and environmental benefit that the awards provide. The information shall also include data on the balances of funds available under this division for expenditures and grants in that fiscal year and future fiscal years.

### **Chapter 11. Fiscal Provisions**

**79580.** Bonds in the total amount of three billion four hundred forty million dollars (\$3,440,000,000), not including the amount of any refunding bonds issued in accordance with Section 79588, or so much thereof as is necessary, may be issued and sold to be used for carrying out the purposes set forth in this division and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bond proceeds shall be deposited in the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 created by Section 79510. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of and interest on the bonds as they become due and payable.

**79581.** The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all provisions of that law shall apply to the bonds and to this division and are hereby incorporated in this division by this reference as though fully set forth in this division.

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

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

**79583.** The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

**79584.** There shall be collected annually in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds maturing each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do so and perform each and every act that is necessary to collect that additional sum.

**79585.** Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund, for purposes of this division, an amount that will equal the total of the following:

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

(b) The sum which is necessary to carry out the provisions of Section 79586, appropriated without regard to fiscal years.

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

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

**79588.** Any bonds issued or sold pursuant to this division may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of the bonds shall include approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

**79589.** The people of California hereby find and declare that inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitation imposed by that article.

**79590. (added by Ch.240/03 AB 1747)**

Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond proceeds. These costs shall be shared proportionally by each program funded under this division. Actual costs incurred in connection with administering programs authorized under the categories specified in this division shall be paid by the funds authorized for those purposes by this division.

**Ch. 240/03 – AB 1747 – uncodified Section 1**

SECTION 1. The Legislature finds and declares the following:

In order to protect the intent of the voters in approving the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Division 26.5 (commencing with Section 79500) of the Water Code), it is necessary and desirable that, to the maximum extent possible, **and where appropriate (added by Ch 741/03)** the following principles apply to the implementation of that act:

(a) Guidelines developed for grant and loan programs pursuant to that act shall encourage integrated, multiple-benefit projects.

(b) Preference shall be given to funding safe drinking water and water quality projects that serve disadvantaged communities.

(c) Programs shall support projects that improve local and regional water supply reliability.

(d) For projects that affect water quality, preference shall be given to those projects that contribute expeditiously and measurably to the long-term attainment and maintenance of water quality standards.

(e) For projects that affect water quality, preference shall be given to funding projects that will eliminate or significantly reduce pollution into impaired waters and sensitive habitat areas, including areas of special biological significance.

(f) Projects that affect water quality shall include a monitoring component that allows the integration of data into statewide monitoring efforts, including, but not limited to, the surface water ambient monitoring program carried out by the State Water Resources Control Board.

(g) Groundwater projects and projects that affect groundwater shall include groundwater monitoring requirements consistent with the Groundwater Quality Monitoring Act of 2001 (Part 2.76 (commencing with Section 10780) of Division 6 of the Water Code).

#### **Ch. 240/03 – AB 1747 – Exemption from Regulations**

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

11361. This chapter does not apply to the adoption or revision of regulations, guidelines, or criteria to implement the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (the Villaraigosa-Keeley Act) (Chapter 1.692 (commencing with Section 5096.300) of Division 5 of the Public Resources Code), the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Chapter 1.696 (commencing with Section 5096.600) of Division 5 of the Public Resources Code), or the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Division 26.5 (commencing with Section 79500) of the Water Code). The adoption or revision of regulations, guidelines, or criteria, if necessary to implement those respective acts, shall instead be accomplished by means of a public process reasonably calculated to give those persons interested in their adoption or revision an opportunity to be heard.

#### **Ch. 741/03 SB 1049 – uncodified section AS amended by Ch. 716/04 SB 117**

SEC. 77. The Legislature finds and declares all of the following:

(a) The current fiscal crisis requires that the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50) be administered in the most cost-efficient manner consistent with ensuring public participation in the development of program guidelines and outreach and technical assistance to communities throughout the state.

(b) Notwithstanding paragraphs (1) and (2) of subdivision (a) of Sections ~~79505.6, 79506.7, and or 79575~~ of the Water Code, agencies responsible for the development of guidelines, ~~technical assistance~~ and reports pursuant to those sections shall use electronic communication, including publication of information on the Internet, shall determine the timing of the development of guidelines, and shall use any and all other efficiencies necessary to provide a public process reasonably calculated to provide access and relevant grant application and award information to interested persons within the budgetary and personnel constraints imposed by the state budget. To the maximum extent feasible, each state agency shall provide outreach to disadvantaged communities to promote access to relevant grant application and award information.

(c) It is the intent of the Legislature that, through the annual budget process, there be a review of progress undertaken by state agencies to develop guidelines to implement this act.

**Ch. 892/02 SB 278 – Prevailing Wage (effective 1/1/03).**

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) Payment of the prevailing rate of per diem wages to workers employed on public works projects is necessary to attract the most skilled workers for those projects and to ensure that work of the highest quality is performed on those projects.

(2) Public works projects should never undermine the wage base in a community, and requiring that workers on public works projects are paid the prevailing rate of per diem wages ensures that wage base is not lowered.

(3) It is a matter of statewide concern that every public agency in California pay the prevailing rate of per diem wages to workers employed on public works projects undertaken by those public agencies.

(b) Therefore, it is the intent of the Legislature, in enacting Section 2 of this act, that every public agency in California pay the prevailing rate of per diem wages to workers employed on public works projects undertaken by that public agency.

SECTION 2. Section 1771.8 is added to the Labor Code, to read:

1771.8. (a) The body awarding any contract for a public works project financed in any part with funds made available by the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Division 26.5 (commencing with Section 79500) of the Water Code) shall adopt and enforce, or contract with a third party to adopt and enforce, a labor compliance program pursuant to subdivision (b) of Section 1771.5 for application to that public works project.

(b) This section shall become operative only if the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Division 26.5 (commencing with Section 79500) of the Water Code) is approved by the voters at the November 5, 2002, statewide general election.