07-0093

December 5, 2007

RECEIVED
DEC 05 2007
INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

VIA PERSONAL DELIVERY

The Honorable Edmund G. Brown, Jr.
Attorney General
1300 I Street
Sacramento, CA 95814

Attention: Patricia Galvan, Initiative Coordinator

Re: Request for Title and Summary- Initiative Statutory Amendment

Dear Mr. Brown:

Pursuant to Article II, Section 10(d) of the California Constitution and Section 9002 of the Elections Code, I hereby request that a title and summary be prepared for the attached initiative statutory amendment. Enclosed is a check for $200.00. My residence address is attached.

All inquires or correspondence relative to this initiative should be directed to Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP, 1415 L Street, Suite 1200, Sacramento, CA 95814, (916) 446-6752, Attention: Steve Lucas (telephone: 415/389-6800).

Thank you for your assistance.

Sincerely,

Allan Zaremberg, Proponent

Enclosure: Proposed Initiative

[Version "D"]

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

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

DIVISION 26.7. THE COMPREHENSIVE SAFE DRINKING WATER, WATER SUPPLY RELIABILITY, AND DELTA RESTORATION ACT OF 2008

CHAPTER 1. SHORT TITLE

79700. This division shall be known and may be cited as the Comprehensive Safe Drinking Water, Water Supply Reliability, and Delta Restoration Act of 2008.

CHAPTER 2. FINDINGS AND DECLARATIONS

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

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

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

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

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

(e) Restoring the health of the Delta will help the state address state and federal court decisions that require water agencies throughout the state to reduce the amount of water conveyed through the Delta and streams tributary thereto for drinking water and economic purposes, including irrigation. Without comprehensive Delta restoration, including improvements in delta conveyance, litigation over the future of the Delta will continue and 68 percent of the state's residents and regions of highly productive farm land could see further water reductions and rate increases.

CHAPTER 3. DEFINITIONS

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

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

(b) "Bay-Delta Estuary" means the delta, Suisun Bay, and Suisun Marsh.

(c) "Board" means the governing board of the commission.

(d) "CALFED Bay-Delta Program" means the program described in the Record of Decision dated August 28, 2000.

(e) "Commission" means the California Water Infrastructure Commission created by Section 79737.

(f) "Committee" means the Safe Drinking Water, Water Supply Reliability, and Delta Restoration Finance Committee created by Section 79782.

(g) "Delta" means the Sacramento-San Joaquin Delta as defined in Section 12220.

(h) "Delta conveyance facilities" means facilities that convey water directly from the Sacramento River to the State Water Project or federal Central Valley Project pumping facilities in the south delta.

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

(j) "Design-build" means a procurement process in which both the design and construction of a project are procured from a single entity.

(k) "Design-build entity" means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services as needed pursuant to a design-build contract.

(l) "Director" means the Director of Water Resources.

(m) "Disadvantaged community" has the meaning set forth in subdivision (a) of Section 79505.5.

(n) "Economically distressed area" means a rural county with a financial hardship, a municipality with a population of 20,000 persons or less with a financial hardship, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less with a financial hardship. The state agencies disbursing grants pursuant to this division shall determine financial hardship by considering such factors as median income of residents, rate of unemployment, and low population density.

(o) "Fund" means the Comprehensive Safe Drinking Water, Water Supply Reliability, and Delta Restoration Fund of 2008 created by Section 79720.

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

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

(r) "Public agency" means a state agency or department, district, joint powers authority, city, county, city and county, or other political subdivision of the state.

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

(t) "State General Obligation Bond Law" means 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).

CHAPTER 4. GENERAL PROVISIONS

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

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

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

(b) Prior to disbursing grants, the state agency shall conduct three public meetings to consider public comments prior to finalizing the guidelines. The 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, one

meeting shall be conducted at a location in the central valley, and one meeting shall be conducted at a location in southern California. Upon adoption, the state agency shall transmit copies of the guidelines to the fiscal committees and the appropriate policy committees of the Legislature.

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

79714. The State Auditor shall annually conduct a programmatic review and an audit of expenditures from the fund. The State Auditor shall report, annually on or before March 1, its findings to the Governor and the Legislature, and shall make the findings available to the public.

79715. Funds provided by this division shall not be used to support or pay for the costs of environmental mitigation measures of private parties, local agencies, or the State Water Project established prior to the enactment of this division under state or federal law.

79716. Any property sought to be acquired by the commission or the department for the construction of any project described in Section 79737 shall be subject to the requirements of Section 11590.

79717. This division does not limit or otherwise affect the application of Sections 10505 and 10505.5, Section 11128, or Sections 11460 to 11463.

79718. The provisions of this division pertaining to counties and watersheds of origin shall not be amended or repealed unless approved by the Legislature with two-thirds of the members of each house voting in favor thereof to further the purposes of this Act.

79719. The department and the commission, by July 1, 2010, and annually thereafter, shall report back to the fiscal and policy committees in the Legislature on the implementation of this division.

CHAPTER 5. COMPREHENSIVE SAFE DRINKING WATER, WATER SUPPLY RELIABILITY, AND DELTA RESTORATION FUND OF 2008

79720. Except as otherwise provided herein, the proceeds of bonds issued and sold pursuant to this division shall be deposited in the Comprehensive Safe Drinking Water, Water Supply Reliability, and Delta Restoration Fund of 2008, which is hereby created.

CHAPTER 6. WATER SUPPLY RELIABILITY

79721. The sum of two billion two hundred million dollars ($2,200,000,000) shall be available for appropriation by the Legislature from the fund to the department for competitive grants for water supply reliability in accordance with Section 79722.

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

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

pursuant to Section 79721 until the urban water management plan is prepared and submitted in accordance with the requirements of that act.

(c) For the purposes of awarding a grant under this section, the department shall require a cost share of not less than 50 percent of project costs. The department may waive or reduce the cost sharing requirement for projects that directly benefit a disadvantaged community or an economically distressed area.

(d) Eligible projects include, but are not limited to, all of the following:

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

(2) Recycling, reclamation, water treatment for the recovery of water supplies, desalination, and associated facilities, including distributions systems.

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

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

(5) Planning and implementation of flood or floodplain management programs, including projects that address multipurpose objectives.

(6) Nonpoint source pollution reduction and stormwater capture, storage, cleanup, treatment, and management.

(7) Water infrastructure reliability projects to prevent or reduce water service outages due to natural or human made disasters.

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

(e) Eligible applicants under this chapter 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 watershed of San Diego County (designated as the San Diego subregion), the Southern Orange County and the Santa Ana River watersheds (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 pursuant to Section 79721 shall be allocated as follows:

(1) North Coast	$69,000,000
(2) San Francisco Bay	$225,000,000
(3) Central Coast	$93,000,000
(4) Los Angeles subregion	$343,000,000
(5) Santa Ana subregion	$218,000,000
(6) San Diego subregion	$144,000,000
(7) Sacramento River	$133,000,000
(8) San Joaquin River	$110,000,000

(9) Tulare/Kern	$113,000,000
(10) North/South Lahonton	$79,000,000
(11) Colorado River Basin	$73,000,000
(12) Interregional	$600,000,000

(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.

(2) Meeting state water recycling goals.

(3) Managing and adapting to changing hydrology.

(4) Other projects to improve statewide water, flood, or floodplain management systems.

79723. (a) The sum of five hundred million dollars ($500,000,000) shall be available for appropriation by the Legislature from the fund to the department for grants and expenditures for the planning, design, and construction of local surface water storage projects, locally managed conjunctive use and groundwater storage projects, and projects that improve the efficiency or reliability of existing surface water storage facilities funded pursuant to this section. Projects shall be consistent with an adopted integrated regional water management plan, and provide one or more of the following benefits:

(1) Improvements in regional or interregional water supply and water supply reliability.

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

(3) Adaptation to the impacts of hydrologic changes.

(4) Improved water security from drought, natural disasters, or other events that could interrupt imported water supplies.

(b) The department shall allocate grants as follows:

(1) Not less than 20 percent shall be allocated to the combined North Coast, San Francisco Bay, Sacramento River, and North Lahontan hydrologic regions as identified in the California Water Plan.

(2) Not less than 20 percent shall be allocated to the combined Central Coast, San Joaquin River, Tulare Lake, and South Lahontan hydrologic regions as identified in the California Water Plan.

(3) Not less than 20 percent shall be allocated to the combined South Coast and Colorado River hydrologic regions as identified in the California Water Plan.

(c) Not more than 10 percent of the funds provided for locally managed conjunctive use and groundwater storage projects pursuant to this chapter may be used for grants and expenditures for planning, investigations, studies, and monitoring that lead to improved groundwater management.

(d) For the purposes of awarding a grant pursuant to this section, the department shall require cost sharing from nonstate sources of not less than 50 percent of project costs. The department may waive or reduce the cost sharing requirement for projects that directly benefit a disadvantaged community or an economically distressed area.

79724. Of the amount made available pursuant to Section 79723, the sum of fifty million dollars ($50,000,000) shall be available to the department for costs incurred in connection with the provision of recreation and fish and wildlife enhancement at state water projects pursuant to Section 11912. The funds shall be available to meet the costs associated with the planning, construction, operation, and maintenance for recreation and fish and wildlife enhancement, including costs incurred before the effective date of the Comprehensive Safe

Drinking Water, Water Supply Reliability, and Delta Restoration Act of 2008. Funds made available to the department pursuant to subdivision (c) of Section 75050 of the Public Resources Code shall be available for recreation and fish and wildlife enhancement costs at state water projects, including costs incurred before the effective date of subdivision (c) of Section 75050 of the Public Resources Code.

CHAPTER 7. DELTA SUSTAINABILITY

79730. (a) The Bay-Delta Estuary is a unique and irreplaceable combination of environmental and economic resources. Current management and use of the delta is not sustainable, and results in a high level of conflict among various interests. Future delta sustainability is threatened by changing hydrology, climate change, flood risk, seismic events, nonnative species, toxics, and other environmental problems. Future management of the delta must improve delta ecosystem health and improve the means of delta conveyance in order to protect drinking water quality, improve water supply reliability, restore ecosystem health, and preserve agriculture and recreation in the delta while providing to counties and watersheds of origin assurances that their priority to water resources will be protected and that programs or facilities implemented or constructed in the delta will not result in redirection of unmitigated, significant, adverse impacts to counties and watersheds of origin. Many sources of funding will be needed to implement improved delta management.

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

(c) In implementing this chapter, the department, taking into consideration the recommendations of the Bay Delta Conservation Plan and the Blue Ribbon Task Force established by Executive Order S-17-06, shall implement, in cooperation with the Department of Fish and Game and the State Water Resources Control Board, a comprehensive delta

sustainability program that includes both delta conveyance improvements and ecosystem improvements, and that meets the following criteria:

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

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

(3) Guides ecosystem restoration in the delta.

(4) Provides improved water supply reliability and conveyance using a dual conveyance approach that employs a combination of through-delta improvements and an isolated diversion facility for the State Water Project and the Central Valley Project and for water transfers.

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

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

(7) Provides for conveyance of water deliveries for the State Water Project and the Central Valley Project, as well as voluntary market water transfers.

(8) Provides sufficient capacity to protect against future droughts by conveying water during wet years to storage in reservoirs and groundwater banks south of the delta for use during dry years.

(d) Funds provided by this chapter may not be expended for the design or construction of delta conveyance facilities. The costs for the design, construction, operation, and maintenance of any delta conveyance facilities that establish intake facilities on the

Sacramento River shall be the responsibility of the agencies that benefit from its design, construction, operation, and maintenance, including State Water Project and Central Valley Project contractors.

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

(a) One billion dollars ($1,000,000,000) for projects that provide public benefits and support delta sustainability options, including the acquisition of environmental water rights and projects that do any of the following:

(1) Ensure that urban or agricultural water supplies derived from the delta, including water supplies used within the delta, are not disrupted because of catastrophic failures of delta levees resulting from earthquakes, floods, land sinking, rising ocean levels, or other forces.

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

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

(4) Limit delta island subsidence when feasible, identify and protect potential floodways and flood bypass opportunities, and improve flood structures in the delta.

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

(6) Facilitate other projects that provide public benefits and support delta sustainability options approved by the Legislature, by statute, including costs associated with planning, monitoring, and design of alternatives, and project modifications and adaptations necessary to achieve the goals of this chapter. Not more than 5 percent of the funds allocated under this chapter may be expended for planning, monitoring, and design.

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

(1) Projects for the development and implementation of the Bay Delta Conservation Plan and projects that are consistent with the findings of the Blue Ribbon Task Force established by Executive Order S-17-06. The Bay Delta Conservation Plan shall identify projects for the enhancement and sustainability of selected fish species. The projects shall be implemented through a cooperative effort among regulatory agencies, regulated and potentially regulated entities, and affected parties, including state and federal water contractors. These funds may be expended for the preparation of environmental documentation and environmental compliance, and for implementing projects identified in the Bay Delta Conservation Plan.

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

(3) Projects to reduce greenhouse gas emissions from soil oxidation in the delta.

(c)(1) Expenditure of any portion of the funds provided pursuant to this chapter is contingent on the adoption of a comprehensive plan for delta sustainability, including improvements in delta conveyance and improvements in delta ecosystem health.

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

CHAPTER 7.5. STATEWIDE WATER SYSTEM OPERATIONAL IMPROVEMENT

79732. Notwithstanding Section 13340 of the Government Code, the sum of three billion five hundred million dollars ($3,500,000,000) is hereby continuously appropriated from the fund to the commission, without regard to fiscal years, for water storage projects that

improve the operation of the state water system and provide public benefits in accordance with this chapter.

79733. Eligible projects include all of the following:

(a) Surface storage projects identified in the CALFED Bay-Delta Program Record of Decision dated August 28, 2000, excluding the expansion of Shasta Reservoir.

(b) Groundwater storage, conjunctive use, and reservoir reoperation projects.

(c) Groundwater contamination prevention or remediation that provides water storage benefits.

(d) Regional and local surface storage and regional and local water conveyance enhancements that improve interregional water system operations.

79734. (a) A project shall not be funded pursuant to this chapter unless it provides measurable improvements to the delta ecosystem or the tributaries to the delta.

(b) The expenditure of funds pursuant to this chapter shall be prioritized in accordance with the expected return for public investment as measured by the magnitude and diversity of the following benefits:

(1) Ecosystem benefits, including improvement in flow conditions, temperature, or other factors that contribute to the restoration of aquatic ecosystems and native fish and wildlife.

(2) Flood control benefits, including, but not limited to, increases in flood reservation space in existing reservoirs by exchange for existing or newly increased water storage capacity and response to the effects of changing hydrology and decreasing snow pack on California's flood management system.

(3) Water quality improvement of the delta or a major river or water body that is a tributary of the delta that serves as a water supply source for more than one region of the state and provides significant public trust resources.

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

(5) Recreational purposes, including but not limited to, those recreational pursuits generally associated with the out-of-doors.

(c) The department shall adopt regulations consistent with Section 11361 of the Government Code to quantify public benefits and identify the appropriate public agency or agencies to administer the public benefits.

(d) The commission shall enter into contracts with cost share partners and with the public agencies that administer the public benefits to assure that anticipated benefits are commensurate with public contributions.

79735. To be eligible for funding under this chapter, projects shall meet the following requirements:

(a) The state's cost share shall not exceed 50 percent of the total costs of projects funded under this chapter.

(b) Funds for projects eligible under this chapter shall be limited to the amount of quantified public benefits listed in Section 79734, or the costs of project capacity dedicated to providing the public benefit.

(c) For projects eligible under this chapter, a finding by the director that the project is feasible and meets the objectives of the CALFED Bay-Delta Program.

(d) Feasibility studies and contractual commitments required by subdivision (d) of Section 79734 for not less than 75 percent of the nonstate cost share shall be in place before implementation of a project eligible under this chapter shall begin.

79736. Surface storage projects funded pursuant to this chapter that are described in subdivision (a) of Section 79733 may be made a unit of the Central Valley Project as provided in Section 11290 and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

CHAPTER 7.7. CALIFORNIA WATER INFRASTRUCTURE COMMISSION

79737. The California Water Infrastructure Commission is hereby created for the purpose of awarding final design and construction contracts for the completion of all of the following projects:

(a) Any delta conveyance facilities authorized as part of the comprehensive delta sustainability program to be implemented pursuant to subdivision (c) of Section 79730.

(b) Projects authorized pursuant to Chapter 7.5 of this division.

79738. (a) The commission shall be governed by a board of seven members. The director and the secretary shall serve as ex-officio members. The remaining five members shall be nominated by the Governor. If within 90 days of the nomination of a member, the member is neither confirmed nor refused confirmation by two-thirds of the membership of both the Senate and the Assembly, the member shall take office as if he or she had been confirmed by two-thirds of the membership of both the Senate and the Assembly. Members not serving in an ex-officio capacity shall serve for a term of 12 years. The governing board shall elect a chairperson, who shall not be an ex-officio member.

(b) All board members, including ex-officio members, shall be voting members.

(c) A majority of the board constitutes a quorum.

(d) No action of the board shall be effective unless it is concurred in by a majority of the members of the board.

79739. Vacancies on the board shall be filled by the Governor for the unexpired term subject to the procedure set forth in Section 79738.

79740. Each member of the board, other than ex-officio members, shall receive the necessary expenses incurred by the member in the performance of official duties and one hundred dollars ($100) for each day attending meetings of the board, except that no member of the board shall be compensated for more than 40 days in any one fiscal year.

79741. (a) The board shall appoint as its confidential employee, exempt from civil service under Section 4 of Article VII of the California Constitution, an executive officer responsible for communicating and coordinating the board's policies and communications to the department and presenting contracts and other matters for decision to the board for action.

(b) The board may authorize the executive officer to appoint up to 20 staff members, including legal counsel, to assist the board and the executive officer in the performance of their responsibilities.

(c) The board shall determine the qualifications of, and fix the salary for, the executive officer.

79742. The commission shall have its office in the County of Sacramento. The office is the principal place and legal residence of the commission.

79743. (a) The board shall meet a minimum of four times a year.

(b) Additional meetings may be held by the board upon written request to the executive officer of a quorum of the board.

(c) Meetings of the board shall be governed by the Bagley-Keene Open Meeting Act (Government Code section 11120 et seq.).

79744. Members of the board and its executive officer shall be subject to the conflicts of interest provisions contained in the Political Reform Act of 1974 (Chapter 7 (commencing with Section 87100) of Title 9 of the Government Code).

79745. Members of the board and its executive officer act in a fiduciary capacity and shall discharge their duties with respect to the projects described in Section 79737 with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

79746. The Board has the power to:

(a) Enter into contracts on behalf of the commission with private or public entities necessary for the completion of the projects described in Section 79737, including litigation representation, and to perform all necessary functions in furtherance thereof.

(b) Acquire in the name of the state through purchase or eminent domain proceedings any property, including the relocation of utilities, as necessary for completion of the projects described in Section 79737.

(c) Form joint powers authorities with other public agencies pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

(d) Issue revenue bonds substantially in accordance with the procedures set forth in Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code for the following purposes:

(1) To cover the costs of design, construction, and contract administration services of projects described in subdivision (a) of Section 79737.

(2) To provide funding for the nonstate share of costs of projects described in subdivision (b) of Section 79737.

(3) For the support and administration of the commission and the board in carrying out their responsibilities and duties for the projects described in Section 79737.

(e) Proceeds from the sale of revenue bonds issued to cover the costs of projects described in subdivision (a) of Section 79737 shall be deposited in the Water Conveyance Revenue Bond Fund, which is hereby created. Moneys in the Water Conveyance Revenue Bond Fund shall be continuously appropriated, without regard to fiscal years, for the purpose of supporting the design, construction, and contract administration of projects described in subdivision (a) of Section 79737.

79747. The commission and the department may enter into an inter-agency agreement for the provision by the department of contract administration services. Such services may include the preparation of bid documents, administration of procurement, administration of contracts, inspections of contract work, administration of contract claims, and the provision of such other administrative services as the board deems necessary. Payment for such services shall be from funds available to the commission.

79748. (a) The commission is authorized to contract with either public or private entities for program management, project management, design, or construction of project facilities or may utilize a design-build contracting process.

(b) If the commission employs a design-build contracting process, the commission shall be guided by the procedure set forth in Section 14661 of the Government Code. This section is the authorization for use of the design-build procedure for purposes of Section 14661 of the

Government Code, and the commission shall assume the responsibility of the Director of the Department of General Services and the Department of General Services.

(c) Where the design-build process is not utilized, contracts for construction or for the procurement of goods shall be awarded in accordance with Public Contracts Code Parts 1 and 2, as applicable. Where the contract is for architectural or engineering services, the commission shall follow the procedures of Section 4525 et seq. of the Government Code.

79749. The commission and the department may by written inter-agency agreement allocate responsibility for compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and the National Environmental Policy Act of 1969 (42 U.S.C. Section 4321 et seq.).

79750. Upon completion of the projects described in subdivision (a) and subdivision (b) of Section 79737, the commission shall cease to exist and the department shall be responsible for any ongoing responsibilities the board or the commission may have had.

79751. The board may request the Director of Finance to make a loan from the General Fund of an amount or amounts necessary to carry out the commission's powers and duties. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from money received from the sale of revenue bonds for the purpose of completing the projects described in subdivision (a) and subdivision (b) of Section 79737.

79752. The costs for the design, construction, operation, and maintenance of any project described in subdivision (a) of Section 79737 that establishes intake facilities on the Sacramento River shall be the responsibility of the agencies that benefit from its design,

construction, operation, and maintenance, including State Water Project and Central Valley Project contractors.

79753. (a) Notwithstanding Section 79714, the commission shall annually contract for an independent financial audit of its activities from a certified public accounting firm, which shall be provided to the State Controller. The State Controller shall review the audit and annually issue a public report of that review. Both the independent financial audit and the State Controller's public report shall be posted on the Internet.

(b) The commission shall contract with the Bureau of State Audits to annually conduct a performance audit of the commission's operations and the progress of the projects described in Section 79737, which shall be posted on the Internet. For the purposes of this subdivision, the Bureau of State Audits may contract with a third party to conduct the performance audit. This subdivision is not intended to reduce the number of audits the Bureau of State Audits may otherwise be able to conduct.

CHAPTER 8. CONSERVATION AND POLLUTION CLEANUP

79770. The sum of one billion dollars ($1,000,000,000) shall be available for appropriation by the Legislature from the fund for expenditures and grants for ecosystem and urban watershed protection and restoration projects, including, but not limited to, all of the following watersheds, including tributaries and bypasses in those watersheds:

(a) The San Joaquin River watershed.

(b) The Sacramento River watershed.

(c) The Salton Sea and Colorado River watersheds.

(d) The Los Angeles River watershed.

(e) The San Gabriel River watershed.

(f) The Santa Ana River watershed.

(g) The Klamath River, including the Trinity, Scott, and Shasta Rivers and watersheds.

(h) North coast watersheds.

(i) San Francisco Bay watersheds.

(j) Central coast watersheds.

(k) South coast watersheds.

(l) Lake Tahoe Basin.

(m) Kern River and Tulare Basin.

(n) San Diego County coastal watersheds.

(o) The Ventura River watershed.

(p) The Sierra Nevada Mountain watersheds.

(q) The Mojave River watershed.

79771. (a) Funds provided for the Sacramento River and San Joaquin River watersheds under Section 79770 shall be available for projects consistent with the ecosystem restoration program element of the California Bay-Delta Program, or its successor.

(b) Funds provided for Salton Sea watershed projects under Section 79770 shall be available for Salton Sea restoration activities identified for "Period I" in the Resources Agency report entitled "Salton Sea Ecosystem Restoration Program Preferred Alternative Report and Funding Plan," dated May 2007.

(c) Funds provided for the Lake Tahoe Basin watershed under Section 79770 shall be available for projects consistent with the Lake Tahoe Environmental Improvement Program.

(d) Funds provided for the Los Angeles River and San Gabriel River watersheds under Section 79770 shall be available pursuant to Section 79508, and for projects within the City of Los Angeles, consistent with the Los Angeles River Revitalization Master Plan.

79772. (a) The sum of eighty-five million dollars ($85,000,000) shall be available for appropriation by the Legislature from the fund to the Department of Fish and Game for expenditures and grants to protect the delta ecosystem and the state's water supply from invasive species, including, but not limited to, asiatic clams, zebra mussels, quagga mussels, and New Zealand mud snails.

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

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

(1) Requirements for repayment of grant funds made available by this section in the event of cost recovery from parties responsible for the introduction of invasive species that affect the delta ecosystem and the state's water supply.

(2) Requirements for recipients of grants to make reasonable efforts to recover from parties described in paragraph (1).

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

79774. Funds provided under this chapter may be appropriated to the Resources Agency, the Department of Fish and Game, the Wildlife Conservation Board, the California Conservation Corps, the Department of Parks and Recreation, the Department of Forestry and Fire Protection, or to state conservancies for expenditures and grants consistent with this chapter.

79774.1. Of the funds made available pursuant to Section 79770, not less than two hundred million dollars ($200,000,000) shall be available to the State Coastal Conservancy for coastal watershed projects.

79774.2. Of the funds provided in Section 79770, not less than one hundred million dollars ($100,000,000) shall be available to the Wildlife Conservation Board for direct expenditure or grants for the acquisition of water rights from willing sellers and the conveyance of water for the benefit of migratory birds on wildlife refuges and wildlife habitat areas subject to Section 3406(d) of the federal Central Valley Project Improvement Act (Public Law 102-575), provided that the acquisition of water rights by the Wildlife Conservation Board is consistent with the Section 3406(d) of the federal Central Valley Project Improvement Act (Public Law 102-575). All costs associated with the acquisition of water rights by the Wildlife Conservation Board for the purposes set forth in this section shall be paid for out of the funds so designated to the Wildlife Conservation Board.

79774.3. The sum of one hundred fifty-five million dollars ($155,000,000) shall be available for appropriation by the Legislature from the fund to the Department of Forestry and Fire Protection for expenditures and grants for fuel treatment and forest restoration projects. The Department of Forestry and Fire Protection may provide grants to government agencies and to nonprofit organizations as defined in subdivision (c) of Section 30910 of the Public Resources Code. Eligible projects include any of the following:

(a) Projects to protect watersheds tributary to dams or reservoirs from the adverse impacts of fire and erosion.

(b) Projects to promote forest health in watersheds tributary to dams or reservoirs.

(c) Other forest restoration or forest management projects that benefit water quality or water supply.

79774.5. For the purposes of this chapter, the terms "restoration" and "protection" have the meanings set forth in Section 75005 of the Public Resources Code.

CHAPTER 9. GROUNDWATER PROTECTION AND WATER QUALITY

79775. The sum of four hundred million dollars ($400,000,000) shall be available for appropriation by the Legislature from the fund to the State Water Resources Control Board, except as provided in subdivision (d), for expenditures, grants, and loans for projects to prevent or reduce the contamination of groundwater that serves as a source of drinking water. Funds appropriated by this section shall be available for projects necessary to protect public health by preventing or reducing the contamination of groundwater that serves as a major source of drinking water for a community.

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

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

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

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

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

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

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

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

(3) The project will serve a disadvantaged community or an economically distressed area.

(c) Of the amount made available by this section, up to one hundred million dollars ($100,000,000) shall be available for projects that meet the requirements of this section and the following criteria:

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

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

(d) Of the amount made available by this section, forty million dollars ($40,000,000) shall be available to the State Department of Public Health for grants and direct expenditures to finance emergency and urgent actions in accordance with this section on behalf of disadvantaged communities or economically distressed areas to ensure that safe drinking water supplies are available to all Californians.

(e) The Legislature, by statute, shall establish requirements for repayment of grant funds in the event of cost recovery from parties responsible for the groundwater contamination.

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

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

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

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

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

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

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

(1) Detention and retention basins.

(2) Dry weather diversion facilities, trash filters, and screens.

(3) Treatment wetlands creation and enhancement.

(4) Stormwater runoff reduction projects, including permeable surface installation, cisterns, and collection and treatment facilities for groundwater recharge.

(d) The State Water Resources Control Board shall require not less than a 50 percent cost share for grant funds, but may suspend or reduce the matching requirements for disadvantaged communities or economically distressed areas.

(e) The State Water Resources Control Board shall award grants on a competitive basis, considering the following criteria:

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

(2) Cost effectiveness.

(3) Public health benefits of the project.

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

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

79778.5. (a) The sum of five hundred million dollars ($500,000,000) shall be available for appropriation by the Legislature from the fund to the State Water Resources Control Board for expenditures, grants, and loans to meet safe drinking water standards.

(b) Eligible projects include, but are not limited to, any of the following:

(1) Design, purchase, installation, and initial operation costs for water treatment equipment and systems.

(2) Drinking water contaminant detection and removal.

(3) Projects to mitigate pathogen risk from recreational uses at drinking water storage facilities.

(4) Securing drinking water supplies from the threat of terrorist attacks.

(5) Other projects necessary to provide pure, wholesome, and potable drinking water supplies.

(c) The State Water Resources Control Board shall establish and administer a grant program to distribute funds in an equitable manner on a statewide basis. In awarding grants, the State Water Resources Control Board shall consider the cost effectiveness of the proposed project and the potential public health benefits of the project.

(d) For the purposes of awarding a grant under this section, the State Water Resources Control Board shall require a cost share of not less than 50 percent of project costs. The State Water Resources Control Board may waive or reduce the cost sharing requirement for projects that directly benefit a disadvantaged community or an economically distressed area.

79778.6. Except as otherwise provided, eligible applicants under this chapter 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.

CHAPTER 10. WATER RECYCLING PROGRAM

79779. The sum of two hundred fifty million dollars ($250,000,000) shall be available for appropriation by the Legislature from the fund to the State Water Resources Control Board for grants and loans for water recycling projects.

79779.5. Eligible applicants under this chapter 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.

CHAPTER 11. FISCAL PROVISIONS

79780. (a) Bonds in the total amount of eleven billion six hundred ninety million dollars (11,690,000,000), not including the amount of any refunding bonds issued in accordance with Section 79792, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute valid and binding obligations 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 the principal of, and interest on, the bonds as the principal and interest become due and payable.

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

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

79782. (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 Safe Drinking Water, Water Supply Reliability, and Delta Restoration Finance Committee is hereby created. For purposes of this division, the Safe Drinking Water, Water Supply Reliability, and Delta Restoration Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law.

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

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

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

79783. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division 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.

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

79785. There shall be collected each year and 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 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 and perform each and every act which is necessary to collect that additional sum.

79786. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the 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 that is necessary to carry out the provisions of Section 79789, appropriated without regard to fiscal years.

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

79788. Notwithstanding any other provision of this division, or of the State General Obligation Bond Law, if the Treasurer sells bonds that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and for the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under

federal law or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

79789. 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 by the committee 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, with interest at the rate earned by the money in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

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

79791. 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 proportionately by each program funded through this division.

79792. The bonds issued and sold pursuant to this division may be refunded 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, which is a part of the State General Obligation Bond Law. Approval by the electors of the state for the issuance of the bonds under this division

shall include approval of the issuance of any bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

79793. The People 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 limitations imposed by that article.

SECTION 2. AMENDMENTS

The Legislature may only amend this Act by statute passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, provided the statute is consistent with, and furthers the purposes of, this Act. All amendments to this Act proposed by the Legislature must remain in print for not less than 12 consecutive days prior to enactment.

SECTION 3. CONFLICTNG MEASURES

In the event this measure appears on the same statewide election ballot as another initiative measure or measures that seek to provide for the development of new surface or underground water storage, water conveyance facilities, water quality programs, Sacramento-San Joaquin Delta protection or restoration programs, or coastal water protection programs, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and each and every provision of the other measure or measures shall be null and void.