



San Gabriel Valley Council of Governments

AGENDA AND NOTICE OF THE JOINT MEETING OF THE WATER POLICY COMMITTEE & WATER TECHNICAL ADVISORY COMMITTEE (TAC)

Tuesday, May 14, 2019, 10:00 AM
Upper San Gabriel Valley Municipal Water District Office
602 E. Huntington Drive, Suite B Monrovia, CA 91016

Water Policy Committee

Chair: Judy Nelson
City of Glendora

Vice-Chair:
Gloria Crudgington
City of Monrovia

Members
Claremont
Glendora
Monrovia
Rosemead
Sierra Madre
South Pasadena
West Covina
LA County District 1
Upper San Gabriel Valley
MWD

Water TAC

Chair: Tom Love
Upper San Gabriel Valley
Municipal Water District

Vice Chair: Alex Tachiki
City of Monrovia

Members
Alhambra
Arcadia
Bradbury
Covina
Duarte
Monrovia
Pomona
Sierra Madre
LA County DPW
San Gabriel Valley MWD
Upper San Gabriel Valley
MWD

Ex-Officio Members
LA County Sanitation
Districts
SG Basin Watermaster

Thank you for participating in today's meeting. The Water Committee encourages public participation and invites you to share your views on agenda items.

MEETINGS: *Regular Meetings of the Water Committee are held on the second Tuesday of each month at 10:00 AM at the Upper San Gabriel Valley Municipal Water District Offices (602 E. Huntington Drive, Suite B Monrovia, CA 91016).* The agenda packet is available at the San Gabriel Valley Council of Government's (SGVCOG) Office, 1000 South Fremont Avenue, Suite 10210, Alhambra, CA, and on the website, www.sgvco.org. Copies are available via email upon request (sgv@sgvco.org). Documents distributed to a majority of the Committee after the posting will be available for review in the SGVCOG office and on the SGVCOG website. Your attendance at this public meeting may result in the recording of your voice.

PUBLIC PARTICIPATION: Your participation is welcomed and invited at all Water Committee and Water TAC meetings. Time is reserved at each regular meeting for those who wish to address the Committee. SGVCOG requests that persons addressing the Committee refrain from making personal, slanderous, profane or disruptive remarks.

TO ADDRESS THE COMMITTEE: At a regular meeting, the public may comment on any matter within the jurisdiction of the Committee during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public wishing to speak are asked to complete a comment card or simply rise to be recognized when the Chair asks for public comments to speak. We ask that members of the public state their name for the record and keep their remarks brief. If several persons wish to address the Committee on a single item, the Chair may impose a time limit on individual remarks at the beginning of discussion. **The Water Committee and Water TAC may not discuss or vote on items not on the agenda.**

AGENDA ITEMS: The Agenda contains the regular order of business of the Water Committee and the Water TAC. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Committee/TAC can be fully informed about a matter before making its decision.

CONSENT CALENDAR: Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Committee member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Committee.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.



PRELIMINARY BUSINESS

1. Call to Order
2. Roll Call
3. Public Comment (*If necessary, the Chair may place reasonable time limits on all comments*).
4. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting.

CONSENT CALENDAR (*It is anticipated that the Water Committee/TAC may act on the following matters*)

5. Water Committee/TAC Meeting Minutes – Page 1
Recommended Action: Approve Water Committee/TAC meeting minutes.

ACTION ITEMS

6. SB 414 (Caballero): Small System Water Authority Act of 2019 – Page 5
Recommended Action: Recommend the Governing Board support SB 414 (Caballero).
7. SB 669 (Caballero): Safe Drinking Water Fund – Page 61
Recommended Action: Recommend the Governing Board support SB 669 (Caballero).

DISCUSSION ITEMS

8. SB 205 (Hertzberg): Stormwater Discharge Compliance – Page 79
Recommended Action: Discuss and provide direction to staff.

UPDATE ITEMS

9. Legislative Updates – Page 87
Recommended Action: For information only
10. Safe Clean Water Program Update
Recommended Action: For information only.
11. State Auditor Report No. 2017-118 Recommendations Update
Recommended Action: For information only.
12. E/WMP Updates
Recommended Action: For information only.
13. Water TAC Chair Report
Recommended Action: For information only.
14. Water Supply Update
Recommended Action: For information only.
15. Water Boards Update
Recommended Action: For information only.
16. Litigation Update
Recommended Action: For information only.

CHAIR'S REPORT
ANNOUNCEMENTS
ADJOURN



SGVCOG Joint Water Policy Committee/TAC **Special Meeting
Unapproved Minutes**

Date: April 16, 2019
Time: 10:00 AM
Location: Upper San Gabriel Valley Municipal Water District
602 E. Huntington Drive, Suite B, Monrovia,

PRELIMINARY BUSINESS

1. Call to Order: The meeting was called to order at 10:02 A.M.
2. Roll Call

Water Policy Committee Members Present

H. Nguyen, LA County District #1
G. Boyer, Glendora
D. Mahmud, South Pasadena
G. Crudgington, Monrovia
M. Clark, Rosemead

Water Policy Committee Members Absent

J. Capoccia, Sierra Madre
A. Fellow, USGVMWD
Claremont, J. Stark

Water TAC Members Present

D. Dolphin, Alhambra
T. Love; T. Love, USGVMWD
A. Tachiki, Monrovia
J. Carlson, Sierra Madre
R. Wang; F. Villaluna LACPW
Y. Serna; A. Hamilton, Duarte
V. Hevener, Arcadia
J. Carver, Pomona

Water TAC Members Absent

S. Costandi, Covina
E. Reyes, SGVMWD
Bradbury, K. Kearney

Ex Officio Members Present

K. Gardner; A. Jimenez; L. Augino, SG Watermaster
S. Green, LACSD

Ex Officio Members Absent

W. La, SGMRC
R. Tahir, TECS Environmental

Guests

M. Lyons, Assemblymember Holden
K. Allen, LAC FCD
B. Lathrop, Bradbury
K. Sanchez; L. O'Brien; T. Costella, City of La Verne
M. Litchfield, Three Valleys MWD

SGVCOG Staff

K. Ward

3. Public Comment.
No public comment was given.
4. Changes to Agenda Order.
No changes to the agenda order.

CONSENT CALENDAR

5. Water Committee/TAC Meeting Minutes

LA County Public Works staff requested to modify the minutes to reflect an abstain position on all legislative items at the March meeting (Items 6 through 8).

There was a motion to approve the consent calendar as amended. (M/S: J. Carlson/D. Dolphin).

[MOTION PASSED]

AYES:	Alhambra, Arcadia, Monrovia, Glendora, Sierra Madre, South Pasadena, USGVMWD, LACPW, LA County District #1, Rosemead, Pomona, Duarte
NOES:	
ABSTAIN:	
ABSENT:	Bradbury, Claremont, Covina, SGVMWD

ACTION ITEMS

6. HR 1497: Water Quality Protection and Job Creation Act

K. Ward presented on this item. D. Mahmud asked if there is a Senate equivalent of this bill. S. Green noted that LACSD has sent a support letter for this bill as well. The Upper District plans to send a position of support at the next Board meeting.

There was a motion to recommend the Governing Board support HR 1497. (M/S: M. Clark/T. Love).

[MOTION PASSED]

AYES:	Alhambra, Arcadia, Monrovia, Glendora, Sierra Madre, South Pasadena, USGVMWD, Rosemead, Pomona, Duarte
NOES:	
ABSTAIN:	LA County District #1, LACPW
ABSENT:	Bradbury, Claremont, Covina, SGVMWD

LEGISLATIVE UPDATE

7. Legislative Updates

K. Ward presented on this item. Updates on the status of AB 1093 (Rubio), 755 (Holden), and AB 1204 (Rubio) were given. AB 1404 (Rubio) was pulled from Committee due to concerns about the language in the bill and will become a two year bill.

UPDATE ITEMS

8. Measure W Implementation Update

D. Mahmud provided updates on this item. She provided updates based on a presentation given by LA County Public Works/FCD, Dan Rafferty at the SGVCOG General Assembly. FCD is now focusing on submitting Regional Oversight Committee appointments to the BOS before Watershed Area Steering Committee (WASC) appointments. WASC appointments are anticipated to be made in May. The goal for the Regional Oversight Committee is to approve appointments by the end April. The Regional Board will be a non-voting member. The FCD anticipates circulating draft language regarding the credit, senior low-income exemption and appeals process in May and there will be a stakeholder process. The LA River Plan and San Gabriel River Greenway Network are being developed concurrently, and will inform future projects. This could be a potential presentation at a future Water Committee meeting.

K. Allen answered question on the Safe Clean Water Program. He suggested that future agendas should refer to Measure W as the Safe Clean Water Program, to provide consistent branding.

9. State Auditor Report No. 2017-118 Recommendations Update

This item was pulled to be discussed at next month’s meeting.

10. E/WMP Updates

A. Tachiki reported on this item. He provided updates on the Rio Hondo and San Gabriel EWMP, the revised EWMP was approved 7-0 vote by the Regional Water Board. D. Dolphin reported on the Upper LA EWMP. He reported that the group continues to follow the Safe Clean Water Program and working on revised permit with the Regional Board

11. Water TAC Chair Report

T. Love reported on this item. He reported on the status of the city stormwater data gathering the Water TAC was tasked with. He asked if there was any technical information the Water TAC could report back to the Policy Water Committee. The Water TAC is still working through the city stormwater data sheet to make sure all municipalities are on the same page for data requests. D. Mahmud suggested that design costs for the city data sheet be included. D. Mahmud suggested that the Water TAC look at LA River Plan and Greenway Plan to share information to the Water Policy Committee. The next Water TAC meeting will focus on discussing the ideas suggested.

12. Water Supply Update

T. Love presented on this item. He introduced Matt Litchfield, the new General Manager for the Three Valleys Municipal Water District. T. Love also presented on background of the USGVMWD. He emphasized that the USGVMWD is more than willing to go out to individual cities to host a public education class K. Gardner also reported on this item. The SG Watermaster adopted a resolution to encourage continued water conservation. She also reported that the assessment rates will be approved next month.

13. Water Boards Update

D. Mahmud reported on this item. G. Crudginton reported on the outcome of the March Regional Water Board meeting. G. Boyer reported on the outcome of the April 11 Regional Water Board workshop in Culver City. D. Dolphin reported that all presentations from this workshop will be available on the Regional Water Board website. D. Mahmud reported that the Assistant Executive Director Renee Purdy has been hired as the Executive Director for the LA County Regional Water Board. The new permit is not anticipated to be issued until 2020.

CHAIR'S REPORT

ANNOUNCEMENTS

M. Clark requested that the water bills introduced by Senator Caballero be considered by the Water Committee. K. Ward will work with P. Cortez from the USGVMWD to track these bills.

ADJOURN

The meeting was adjourned at 11:44 PM in honor of Former West Covina Mayor and Former SGVCOG Water Policy Committee member, Mike Spence, who recently passed away.

DATE: May 14, 2019

TO: Water Policy/Technical Advisory Committee

FROM: Marisa Creter, Executive Director

RE: SB 414 (CABALLERO): SMALL SYSTEM WATER AUTHORITY ACT OF 2019

RECOMMENDED ACTION

Recommend the Governing Board support SB 414 (Caballero).

BACKGROUND

At the March 2019 Governing Board meeting, members adopted Resolution 19-11 updating the SGVCOG strategic plan. This updated plan identified a strategic goal related to advocacy for regulatory/legislative changes that facilitate member agencies' ability to comply with water regulations and reduce costs. As a result, staff is taking a continued effort to identify initiatives that further this strategic goal. One bill, SB 414 (Caballero) would enact the Small System Water Authority Act of 2019 and require the State Water Resources Control Board to order the consolidation of certain small water systems that are not in compliance with specified clean drinking water standards through the formation of a small system water authority, as specified.

The State Water Board has identified 326 (as of November 2017) systems statewide that chronically serve contaminated drinking water or cannot provide reliable water service due to unsound infrastructure or because they lack the local financial, managerial, and technical resources to do so. SB 414 would merge these non-compliant water systems into a larger and more robust public water system that can take advantage of improved economies of scale, streamlined managerial functions, and enhanced financial capacity.

SB 414 authorizes the State Board to notify chronically non-compliant systems that they are in violation of public health and safety. Each non-compliant water system will be given the opportunity to develop a compliance plan within a given time period. If a system is unable to develop an approved plan, the State Board will notify the county local agency formation commission (LAFCO) that it has determined the non-compliant system needs to be dissolved and consolidated into an authority.

SUPPORT AND OPPOSITION

The following are agencies that support SB 414:

- California Municipal Utilities Association (Co-Sponsor)
- Eastern Municipal Water District (Co-Sponsor)
- Economic Development Coalition
- California Association of Mutual Water Companies
- Calleguas Municipal Water District

REPORT

- City of Garden Grove
- City of Menifee
- City of Murrieta
- City of Newport Beach
- City of Torrance
- Cucamonga Valley Water District
- El Toro Water District
- Emerald Bay Service District
- Independent Special Districts of Orange County
- Irvine Ranch Water District
- Laguna Beach County Water District
- Las Virgenes Municipal Water District
- Municipal Water District of Orange County
- Murrieta/Wildomar Chamber of Commerce
- Rincon del Diablo Municipal Water District
- Santa Ana Watershed Project Authority
- South Coast Water District
- Southwest California Legislative Council
- The Metropolitan Water District of Southern California
- Three Valleys Municipal Water District
- Valley Center Municipal Water District
- Western Municipal Water District
- Yorba Linda Water District

The following are agencies that oppose SB 414:

- Clean Water Action (Oppose Unless Amended)
- Community Water Center (Oppose Unless Amended)
- Leadership Counsel for Justice and Accountability (Oppose Unless Amended)
- Rural Communities Assistance Corporation (Oppose Unless Amended)
- Self-Help Enterprises (Oppose Unless Amended)

Prepared by: 

Navneet Kaur
Management Analyst

Approved by: 

Marisa Creter
Executive Director

ATTACHMENTS

- Attachment A – SB 414 Bill Text
- Attachment B – SB 414 Fact Sheet

AMENDED IN SENATE APRIL 4, 2019

SENATE BILL

No. 414

Introduced by Senator Caballero

February 20, 2019

An act to amend Sections 56017.1, 56017.2, 56069, 56653, 56658, and 56895 of, and to add Section 56666.5 to, the Government Code, and to add Division 23 (commencing with Section 78000) to the Water Code, relating to small system water authorities.

LEGISLATIVE COUNSEL'S DIGEST

SB 414, as amended, Caballero. Small System Water Authority Act of 2019.

Existing law, the California Safe Drinking Water Act, provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties. The act authorizes the state board to order consolidation with a receiving water system where a public water system or a state small water system, serving a disadvantaged community, as defined, consistently fails to provide an adequate supply of safe drinking water. The act, if consolidation is either not appropriate or not technically and economically feasible, authorizes the state board to contract with an administrator to provide administrative and managerial services to designated public water systems and to order the designated public water system to accept administrative and managerial services, as specified.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of

organization and reorganization for cities and districts, except as specified.

This bill would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified. The bill would require the state board to provide a copy of the notice, in the case of a water corporation, to the Public Utilities Commission and would require the Public Utilities Commission to be responsible with the state board for ensuring compliance with the provisions of the bill. The bill would require an entity receiving the notice to respond to the state board, and, if appropriate, the Public Utilities Commission, as to whether the violations of drinking water standards are remedied and the basis for that conclusion, as specified. The bill would require an entity reporting a continuing violation of drinking water standards to have 180 days from the date of a specified response filed with the state board to prepare and submit a plan to the state board to permanently remedy a violation of drinking water standards within a reasonable time that is not later than January 1, 2025. The bill would require the state board to review the plan and accept, accept with reasonable conditions, or reject the plan, as prescribed. The bill would require an entity with an accepted plan to provide quarterly reports to the state board on progress towards a permanent remedy for violations of drinking water standards and would require the state board to annually hold a public hearing to consider whether the progress is satisfactory. The bill would require the state board, if it rejects the plan ~~and after a certain period to allow for a petition for reconsideration, to cause or if a plan is not submitted by the prescribed deadline, to cause, after a certain period to allow for a petition for reconsideration,~~ the formation of an authority by the applicable local agency formation commission to serve the customers of the public water ~~system that submitted the plan the state board rejects, if certain findings are made by the state board. If the state board is unable to make those findings,~~

~~the bill would require the state board~~ *system or* to remedy the failure to meet the applicable drinking water standards, as specified.

The bill would require the state board, no later than July 1, 2021, to provide written notice to each county, city, water district, private water company, or mutual water company located within a county where an entity receiving a notice to cure from the state board is located stating that the state board may consider the formation of an authority within that county and inviting other public water suppliers to consider a voluntary dissolution and subsequent inclusion into the authority that may be formed. The bill would require an entity wishing to consolidate into a proposed authority to provide a written statement opting into an authority to the administrator of the authority on or before December 31, 2021. The bill would authorize an entity wishing to join an authority after the formation of an authority to do so by a proposal or petition to the local agency formation commission and would require an entity to join a proposed authority upon the petition of the entity's customers, as prescribed. The bill would require any county or city receiving a notice to cure from the state board to determine, not later than November 1, 2021, whether any county service areas, county waterworks districts, or other dependent special districts providing water service or water and sewer service located within the county that provide water service or water and sewer service only in the proposed area of the authority should be included within the proposed authority, as prescribed. The bill would authorize an authority to include areas that are not contiguous.

The bill would require the state board, no later than 30 days after ~~the rejection of an entity's plan to permanently remedy a violation of drinking water standards,~~ *determining that an authority shall be formed,* to notify a local agency formation commission of a county where the public water system that submitted the plan is located, and if appropriate, the Public Utilities Commission, that it has determined that the public water system shall be consolidated into an authority. The bill would require the state board, no later than 60 days after ~~the rejection,~~ *determining that an authority shall be formed,* to notify the local agency formation commission, and if appropriate, the Public Utilities Commission, of the public water systems that will be consolidated into an authority and to appoint an administrator for each proposed authority. The bill would require an administrator to be responsible for the interim administration and management of the authority and would require the state board to bear the cost of the administrator, as specified. The bill would require the administrator, after consultation with the executive

officer of the local agency formation commission, to submit to the state board a conceptual formation plan, with specified components. The bill would require the state board to provide comments on the conceptual formation plan to the administrator and applicable local agency formation commission within 60 days of its receipt.

The bill would require the administrator, within 180 days after the state board provides comments on the draft conceptual formation plan, to submit an application for formation and proposed plan for service to the local agency formation commission for review and would require the commission to hold a hearing on the plan and approve or deny it, as prescribed. The bill would require an authority to file a statement, under penalty of perjury, with the executive office of the local agency formation commission certifying that the authority will take the appropriate actions to comply with an approved plan. By expanding the application of the crime of perjury, this bill would impose a state-mandated local program. The bill would require the executive officer of the commission, within 30 days of the filing of a statement, to issue a notice of completion to the authority and send a copy of that notice to the state board. The bill would authorize the state board, in the event that the authority fails to timely file a statement certifying compliance with the plan, to issue an order to the authority requiring the filing of a statement certifying compliance with the plan or other remedial action as may be appropriate. The bill would require, annually for the first 3 years after the date of an authority's formation by a local agency formation commission, an authority to file a certain report with the local agency formation commission and the state board. The bill would require a local agency formation commission to hold a public hearing within 90 days of receipt of the report to review the authority's performance during the previous year and would authorize the state board to order an authority to remedy any failures to comply with conditions imposed by the state board or the plan for service. The bill would authorize the state board to impose a civil penalty on an authority of up to \$500 per day for each violation if an authority fails to timely comply with a remedial order by the state board, up to a maximum of \$10,000 per year for each particular violation.

The bill would require the Public Utilities Commission to order the dissolution of a public water system and the transfer of all assets of a subject water corporation to an authority formed by the local agency formation commission, as prescribed. The bill would require the state board to petition a court for an order dissolving any mutual water

company, water corporation, or private corporation that has been operating a public water system and transferring the assets of that company or corporation to the authority formed by the local agency formation commission. The bill would provide for an owner or shareholder of a dissolved public water system to be compensated, as specified, in accordance with a distressed business valuation issued by the state board. The bill would authorize an authority to receive financing from the state to pay all liabilities assumed from a public water system and would require an authority to issue bonds to repay the state with interest.

The bill would require the Controller, no later than January 1, 2026, to prepare and submit to the Legislature a report regarding the fiscal and operational health of the authorities that includes a recommendation regarding the need for supplemental state funding, if any, and the potential sources of that funding. The bill would require the state board, no later than January 1, 2026, to prepare and submit to the Legislature a report specifying the number of public water systems that, at any time between July 1, 2018, and January 1, 2025, were out of compliance with one or more state or federal primary drinking water standards, as specified.

The bill would provide for the appointment of an initial board of an authority, and the election of subsequent boards of an authority. The bill would require a director to be a resident of the area served by the authority and, to the extent practicable, to represent a division with equal population being served by the authority. The bill would require a director to receive compensation in an amount not to exceed \$250 per day, not to exceed a total of 10 days in any calendar month, together with any expenses incurred in the performance of the director's duties required or authorized by the board. The bill would require the board to hold meetings, exercise and perform all powers, privileges, and duties of an authority, designate a depository to have custody of the funds of the authority, appoint officers, and hire employees, as specified. The bill would require the board to file a certain certificate with the Secretary of State within 180 days of its initial meeting after formation. The bill would require a person convicted of an infraction for a violation of any local ordinance or regulation adopted by an authority to be punished upon a first conviction by a fine not exceeding \$50 and for a 2nd conviction within a period of one year by a fine of not exceeding \$100 and for a 3rd or any subsequent conviction within a period of one year

by a fine of not exceeding \$250. By creating new crimes, this bill would impose a state-mandated local program.

The bill would specify the powers of an authority, including that an authority is authorized to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water, including sewage and stormwater, for the beneficial use of the authority. The bill would authorize the authority to fix a water standby assessment or availability charge, as prescribed. The bill would require a board of supervisors to levy the standby charge in the amounts for the respective parcels fixed by the board of the authority. The bill would require all county officers charged with the duty of collecting taxes to collect authority standby charges with the regular tax payments to the county and would require the charges to be paid to the authority. The bill would authorize an authority to restrict the use of authority water, as specified, and would provide that it is a misdemeanor, punishable as specified, for any person to use or apply water received from the authority contrary to or in violation of any restriction or prohibition specified in the authority's ordinance. By creating a new crime, this bill would impose a state-mandated local program. The bill would authorize an authority to conduct inspections and would authorize an authority to obtain an inspection warrant. Because the willful refusal of an inspection lawfully authorized by an inspection warrant is a misdemeanor, this bill would impose a state-mandated local program by expanding the application of a crime. The bill would require an authority to notify the county or city building inspector, county health inspector, or other affected county or city employee or office, in writing, within a reasonable time if an actual violation of an authority, city, or county ordinance is discovered during the investigation.

The bill would require the administrator to prepare and submit a capital improvement plan to the state board no later than one year after the date upon which an authority is formed. The bill would require the plan to bring the authority into full compliance with drinking water standards within 3 years, which time may be extended by the state board for good cause. The bill would require the state board, upon appropriation by the Legislature from the General Fund, or, to the extent funds are available from bond revenues or other sources, including federal, state, academic, or other public or private entities, to provide funding for the administrator and for formation and startup costs for up to 3 fiscal years after formation of the authority, as specified. The bill would provide for the state board, upon appropriation by the Legislature

from the General Fund, or, to the extent funds are available from bond revenues or other sources, including federal, state, academic, or other public or private entities, to receive up to an unspecified amount for the preparation of distressed business valuations to determine the net fair market value of the water corporation or mutual water company. The bill would require, if those moneys are not sufficient to meet the statewide needs of the authorities, funding to be made available upon appropriation from the Safe Drinking Water State Revolving Fund.

By imposing new duties or a higher level of service on cities, counties, and local agency formation commissions, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Section 56017.1 of the Government Code is
2 amended to read:

3 56017.1. "Applicant" means a local agency or person or persons
4 that submits an application, as defined by Section 56017.2, or the
5 State Water Resources Control Board where an application is
6 submitted by its appointed administrator pursuant to Section 78038
7 of the Water Code.

8 SEC. 2. Section 56017.2 of the Government Code is amended
9 to read:

10 56017.2. "Application" means any of the following:

11 (a) A resolution of application or petition initiating a change of
12 organization or reorganization with supporting documentation as
13 required by the commission or executive officer.

14 (b) A request for a sphere of influence amendment or update
15 pursuant to Section 56425.

1 (c) A request by a city or district for commission approval of
2 an extension of services outside the agency’s jurisdictional
3 boundaries pursuant to Section 56133.

4 (d) A request by a public agency for commission approval of
5 an extension of services outside the agency’s jurisdictional
6 boundaries pursuant to Section 56134.

7 (e) A request by the State Water Resources Control Board that
8 includes the formation of a small system water authority made
9 pursuant to Section 78038 of the Water Code.

10 SEC. 3. Section 56069 of the Government Code is amended
11 to read:

12 56069. “Proposal” means a desired change of organization or
13 reorganization initiated by a petition, by resolution of application
14 of a legislative body or school district, or by order of the State
15 Water Resources Control Board in the case of an application
16 including the formation of a small system water authority submitted
17 pursuant to Section 78038 of the Water Code, for which a
18 certificate of filing has been issued.

19 SEC. 4. Section 56653 of the Government Code, as amended
20 by Section 1 of Chapter 43 of the Statutes of 2017, is amended to
21 read:

22 56653. (a) If a proposal for a change of organization or
23 reorganization is submitted pursuant to this part, the applicant shall
24 submit a plan for providing services within the affected territory.

25 (b) The plan for providing services shall include all of the
26 following information and any additional information required by
27 the commission or the executive officer:

28 (1) An enumeration and description of the services currently
29 provided or to be extended to the affected territory.

30 (2) The level and range of those services.

31 (3) An indication of when those services can feasibly be
32 extended to the affected territory, if new services are proposed.

33 (4) An indication of any improvement or upgrading of structures,
34 roads, sewer or water facilities, or other conditions the local agency
35 would impose or require within the affected territory if the change
36 of organization or reorganization is completed.

37 (5) Information with respect to how those services will be
38 financed.

39 (c) (1) In the case of a change of organization or reorganization
40 initiated by a local agency that includes a disadvantaged,

1 unincorporated community as defined in Section 56033.5, a local
2 agency may include in its resolution of application for change of
3 organization or reorganization an annexation development plan
4 adopted pursuant to Section 99.3 of the Revenue and Taxation
5 Code to improve or upgrade structures, roads, sewer or water
6 facilities, or other infrastructure to serve the disadvantaged,
7 unincorporated community through the formation of a special
8 district or reorganization of one or more existing special districts
9 with the consent of each special district’s governing body.

10 (2) The annexation development plan submitted pursuant to this
11 subdivision shall include information that demonstrates that the
12 formation or reorganization of the special district will provide all
13 of the following:

14 (A) The necessary financial resources to improve or upgrade
15 structures, roads, sewer or water facilities, or other infrastructure.
16 The annexation development plan shall also clarify the local entity
17 that shall be responsible for the delivery and maintenance of the
18 services identified in the application.

19 (B) An estimated timeframe for constructing and delivering the
20 services identified in the application.

21 (C) The governance, oversight, and long-term maintenance of
22 the services identified in the application after the initial costs are
23 recouped and the tax increment financing terminates.

24 (3) If a local agency includes an annexation development plan
25 pursuant to this subdivision, a local agency formation commission
26 may approve the proposal for a change of organization or
27 reorganization to include the formation of a special district or
28 reorganization of a special district with the special district’s
29 consent, including, but not limited to, a community services district,
30 municipal water district, or sanitary district, to provide financing
31 to improve or upgrade structures, roads, sewer or water facilities,
32 or other infrastructure to serve the disadvantaged, unincorporated
33 community, in conformity with the requirements of the principal
34 act of the district proposed to be formed and all required formation
35 proceedings.

36 (4) Pursuant to Section 56881, the commission shall include in
37 its resolution making determinations a description of the annexation
38 development plan, including, but not limited to, an explanation of
39 the proposed financing mechanism adopted pursuant to Section
40 99.3 of the Revenue and Taxation Code, including, but not limited

1 to, any planned debt issuance associated with that annexation
2 development plan.

3 (d) This section shall not preclude a local agency formation
4 commission from considering any other options or exercising its
5 powers under Section 56375.

6 (e) A plan for providing services accompanying an application
7 that includes the formation of a small system water authority
8 submitted pursuant to subdivision (a) of Section 78038 of the Water
9 Code shall meet the requirements set forth in subdivision (b) of
10 Section 78038 of the Water Code.

11 (f) This section shall remain in effect only until January 1, 2025,
12 and as of that date is repealed.

13 SEC. 5. Section 56658 of the Government Code is amended
14 to read:

15 56658. (a) Any petitioner or legislative body desiring to initiate
16 proceedings shall submit an application to the executive officer of
17 the principal county.

18 (b) (1) Immediately after receiving an application and before
19 issuing a certificate of filing, the executive officer shall give mailed
20 notice that the application has been received to each affected local
21 agency, the county committee on school district organization, and
22 each school superintendent whose school district overlies the
23 affected territory. The notice shall generally describe the proposal
24 and the affected territory. The executive officer shall not be
25 required to give notice pursuant to this subdivision if a local agency
26 has already given notice pursuant to subdivision (c) of Section
27 56654.

28 (2) It is the intent of the Legislature that a proposal for
29 incorporation or disincorporation shall be processed in a timely
30 manner. With regard to an application that includes an
31 incorporation or disincorporation, the executive officer shall
32 immediately notify all affected local agencies and any applicable
33 state agencies by mail and request the affected agencies to submit
34 the required data to the commission within a reasonable timeframe
35 established by the executive officer. Each affected agency shall
36 respond to the executive officer within 15 days acknowledging
37 receipt of the request. Each affected local agency and the officers
38 and departments thereof shall submit the required data to the
39 executive officer within the timelines established by the executive
40 officer. Each affected state agency and the officers and departments

1 thereof shall submit the required data to the executive officer within
2 the timelines agreed upon by the executive officer and the affected
3 state departments.

4 (3) If a special district is, or as a result of a proposal will be,
5 located in more than one county, the executive officer of the
6 principal county shall immediately give the executive officer of
7 each other affected county mailed notice that the application has
8 been received. The notice shall generally describe the proposal
9 and the affected territory.

10 (c) Except when a commission is the lead agency pursuant to
11 Section 21067 of the Public Resources Code, the executive officer
12 shall determine within 30 days of receiving an application whether
13 the application is complete and acceptable for filing or whether
14 the application is incomplete.

15 (d) The executive officer shall not accept an application for
16 filing and issue a certificate of filing for at least 20 days after giving
17 the mailed notice required by subdivision (b). The executive officer
18 shall not be required to comply with this subdivision in the case
19 of an application that meets the requirements of Section 56662 or
20 in the case of an application for which a local agency has already
21 given notice pursuant to subdivision (c) of Section 56654.

22 (e) If the appropriate fees have been paid, an application shall
23 be deemed accepted for filing if no determination has been made
24 by the executive officer within the 30-day period. An executive
25 officer shall accept for filing, and file, any application submitted
26 in the form prescribed by the commission and containing all of
27 the information and data required pursuant to Section 56652.

28 (f) When an application is accepted for filing, the executive
29 officer shall immediately issue a certificate of filing to the
30 applicant. A certificate of filing shall be in the form prescribed by
31 the executive officer and shall specify the date upon which the
32 proposal shall be heard by the commission. From the date of
33 issuance of a certificate of filing, or the date upon which an
34 application is deemed to have been accepted, whichever is earlier,
35 an application shall be deemed filed pursuant to this division.

36 (g) If an application is determined not to be complete, the
37 executive officer shall immediately transmit that determination to
38 the applicant specifying which parts of the application are
39 incomplete and the manner in which they can be made complete.

1 (h) Following the issuance of the certificate of filing, the
 2 executive officer shall proceed to set the proposal for hearing and
 3 give published notice thereof as provided in this part. The date of
 4 the hearing shall be not more than 90 days after issuance of the
 5 certificate of filing or after the application is deemed to have been
 6 accepted, whichever is earlier. In the case of an application
 7 submitted pursuant to subdivision (a) of Section 78038 of the Water
 8 Code by an administrator appointed by the State Water Resources
 9 Control Board, the date of the hearing shall be not more than 180
 10 days after issuance of the certificate of filing or after the application
 11 is deemed to have been accepted, whichever is earlier.
 12 Notwithstanding Section 56106, the date for conducting the
 13 hearing, as determined pursuant to this subdivision, is mandatory.

14 SEC. 6. Section 56666.5 is added to the Government Code, to
 15 read:

16 56666.5. (a) This section applies only to a proposal that
 17 includes the formation of a small system water authority submitted
 18 pursuant to subdivision (a) of Section 78038 of the Water Code.

19 (b) At the hearing described in Section 56666, the commission
 20 shall approve the plan and the formation of the authority, approve
 21 the plan and the formation of the authority with modifications, or
 22 disapprove the plan and request resubmittal by the administrator.

23 (c) If the commission disapproves the plan, the commission
 24 shall, within 30 days of the hearing, provide the administrator with
 25 written comments identifying the changes that the administrator
 26 must make in order to submit an acceptable plan. If the
 27 administrator concurs with those changes, the administrator may
 28 provide a written statement of concurrence to the commission and
 29 the commission shall deem approved the commission’s proposed
 30 changes upon receipt of the written statement of concurrence. If
 31 the administrator disagrees with those changes, the administrator
 32 shall provide a revised plan for service to the commission no later
 33 than 90 days after the date on which the commission provides the
 34 administrator with comments disapproving the plan.

35 (d) The commission shall hold a hearing no later than 90 days
 36 after the date the administrator provides a revised plan for service
 37 to the commission, during which the commission shall approve
 38 the revised plan for service, either as proposed by the administrator
 39 or with the modifications the commission believes best serve the
 40 public interest.

1 SEC. 7. Section 56895 of the Government Code is amended
2 to read:

3 56895. (a) When a commission has adopted a resolution
4 making determinations, any person or affected agency may file a
5 written request with the executive officer requesting amendments
6 to or reconsideration of the resolution. The request shall state the
7 specific modification to the resolution being requested and shall
8 state what new or different facts that could not have been presented
9 previously are claimed to warrant the reconsideration. If the request
10 is filed by a school district that received notification pursuant to
11 Section 56658, the commission shall consider that request at a
12 public hearing.

13 (b) Notwithstanding Section 56106, the deadlines set by this
14 section are mandatory. The person or agency shall file the written
15 request within 30 days of the adoption of the initial or superseding
16 resolution by the commission making determinations. If no person
17 or agency files a timely request, the commission shall not take any
18 action pursuant to this section.

19 (c) Upon receipt of a timely request, the executive officer shall
20 not take any further action until the commission acts on the request.

21 (d) Upon receipt of a timely request by the executive officer,
22 the time to file any action, including, but not limited to, an action
23 pursuant to Section 21167 of the Public Resources Code and any
24 provisions of Part 4 (commencing with Section 57000) governing
25 the time within which the commission is to act shall be tolled for
26 the time that the commission takes to act on the request.

27 (e) The executive officer shall place the request on the agenda
28 of the next meeting of the commission for which notice can be
29 given pursuant to this subdivision. The executive officer shall give
30 notice of the consideration of the request by the commission in
31 the same manner as for the original proposal. The executive officer
32 may give notice in any other manner as the executive officer deems
33 necessary or desirable.

34 (f) At that meeting, the commission shall consider the request
35 and receive any oral or written testimony. The consideration may
36 be continued from time to time but not to exceed 35 days from the
37 date specified in the notice. The person or agency that filed the
38 request may withdraw it at any time prior to the conclusion of the
39 consideration by the commission.

1 (g) At the conclusion of its consideration, the commission may
 2 approve with or without amendment, wholly, partially, or
 3 conditionally, or disapprove the request. If the commission
 4 disapproves the request, it shall not adopt a new resolution making
 5 determinations. If the commission approves the request, with or
 6 without amendment, wholly, partially, or conditionally, the
 7 commission shall adopt a resolution making determinations that
 8 shall supersede the resolution previously issued.

9 (h) The determinations of the commission shall be final and
 10 conclusive. No person or agency shall make any further request
 11 for the same change or a substantially similar change, as
 12 determined by the commission.

13 (i) Notwithstanding subdivision (h), clerical errors or mistakes
 14 may be corrected pursuant to Section 56883.

15 (j) This section does not apply to commission determinations
 16 for a proposal that includes the formation of a small system water
 17 authority submitted pursuant to subdivision (a) of Section 78038
 18 of the Water Code.

19 SEC. 8. Division 23 (commencing with Section 78000) is added
 20 to the Water Code, to read:

21
 22 DIVISION 23. SMALL SYSTEM WATER AUTHORITY
 23 ACT OF 2019

24
 25 PART 1. SHORT TITLE

26
 27 78000. This division shall be known, and may be cited, as the
 28 Small System Water Authority Act of 2019.

29
 30 PART 2. FINDINGS AND DECLARATIONS

31
 32 78001. The Legislature finds and declares all of the following:

33 (a) As of November 2017, according to the state board, there
 34 are approximately 300 public water systems in the State of
 35 California that are chronically serving contaminated water to their
 36 customers and are operationally deficient in violation of public
 37 health regulations.

38 (b) The vast majority of those systems are small, only serving
 39 a population of less than 10,000 people, with deficiencies that
 40 range from natural contaminants, manmade contaminants, and

1 failing infrastructure. These systems are located throughout
2 California, with a greater percentage of these failing systems
3 primarily located in economically distressed or rural counties.

4 (c) These chronically out of compliance systems lack the
5 financial, managerial, and technical resources to adequately serve
6 their communities and face higher costs per customer to provide
7 adequate service because of their small size, rural location, and
8 aging infrastructure.

9 (d) There is an inefficient deployment of existing local system
10 financial resources and potential funding shortfalls, largely due to
11 duplication of overhead and the inability to access state and other
12 funding streams necessary for modern water service.

13 (e) A new category of public water agency is needed to absorb
14 and consolidate failing small public water systems to provide
15 technical, managerial, and financial capabilities to ensure the
16 provision of safe, clean, affordable, and accessible water and local
17 governance.

18 (f) This act authorizes the creation of small system water
19 authorities that will have unique powers to absorb, improve, and
20 competently operate currently noncompliant public water systems
21 with either contiguous or noncontiguous boundaries.

22 (g) Existing public water systems, whether public agencies,
23 investor-owned utilities, water corporations regulated by the Public
24 Utilities Commission, private mutual water companies, or other
25 private unregulated water systems, that are currently providing
26 adequate water service but that are located in a county where an
27 authority may be formed will have the option of voluntarily
28 consolidating with a new authority.

29

30

PART 3. DEFINITIONS

31

32 78005. Unless the context otherwise requires, the provisions
33 of this part govern the construction of this division.

34 78006. “Affected county” means any county in which the land
35 of a proposed authority is situated.

36 78007. “Authority” means a small system water authority
37 formed pursuant to this division.

38 78008. “Board” means the board of directors of an authority.

39 78009. “Board of supervisors” means the board of supervisors
40 of the principal county.

- 1 78010. “City” means any chartered or general law city.
- 2 78011. “County clerk” means the county clerk of the principal
- 3 county.
- 4 78012. “Local agency formation commission” means a local
- 5 agency formation commission of the principal county in which
- 6 the proposed authority is located.
- 7 78013. “President” means the president of the board of directors
- 8 of an authority.
- 9 78014. “Principal county” means the county in which the
- 10 greater portion of the land of a proposed authority is situated.
- 11 78015. “Private corporation” means any private corporation
- 12 organized under the laws of the United States or of this or any
- 13 other state.
- 14 78016. “Public agency” means the state or any department or
- 15 agency thereof, and a county, city, public corporation, or public
- 16 district of the state, including an authority formed pursuant to this
- 17 division.
- 18 78017. “Public water system” has the same meaning as defined
- 19 in Section 116275 of the Health and Safety Code.
- 20 78018. “Secretary” means the secretary of an authority.
- 21 78019. “State board” means the State Water Resources Control
- 22 Board.
- 23 78020. “Voter” means a voter as defined in Section 359 of the
- 24 Elections Code.
- 25 78021. “Water” includes potable water and nonpotable water.
- 26 78022. “Water corporation” has the same meaning as defined
- 27 in Section 241 of the Public Utilities Code.

28
29 PART 4. FORMATION

30
31 CHAPTER 1. IN GENERAL

32
33 78025. The area proposed to be served by a proposed authority
34 may consist of the service areas of one or more public agencies,
35 private water companies, or mutual water companies that need not
36 be contiguous. The area proposed to be served by a proposed
37 authority may also include one or more parcels that need not be
38 contiguous, either with each other or with the service areas of the
39 public agencies, private water companies, or mutual water
40 companies that will be served through the proposed authority.

CHAPTER 2. FORMATION PROCEEDINGS

1
2
3 78030. (a) No later than March 1, 2020, the state board shall
4 provide written notice to cure to all public agencies, private water
5 companies, or mutual water companies that meet both of the
6 following criteria:

7 (1) Operate a public water system that has either less than 3,000
8 service connections or that serves less than 10,000 people.

9 (2) Are not in compliance with one or more state or federal
10 primary drinking water standard maximum contaminant levels
11 based on a running average for the period from July 1, 2018,
12 through December 31, 2019.

13 (b) In the case of a water corporation, the state board shall
14 provide a copy of the notice to the Public Utilities Commission
15 and the Public Utilities Commission shall be responsible with the
16 state board for ensuring compliance with this part.

17 78031. An entity receiving a notice pursuant to subdivision (a)
18 of Section 78030 shall respond to the state board and, if
19 appropriate, the Public Utilities Commission, within 60 days of
20 receiving the notice as to whether the violations of drinking water
21 standards are remedied and the basis for that conclusion.

22 78032. (a) (1) If an entity receiving a notice pursuant to
23 subdivision (a) of Section 78030 reports pursuant to Section 78031
24 that a violation of drinking water standards is continuing, the entity
25 shall have 180 days from the date of the response filed with the
26 state board pursuant to Section 78031 to prepare and submit a plan
27 to the state board to permanently remedy a violation of drinking
28 water standards within a reasonable time that is not later than
29 January 1, 2025.

30 (2) The state board shall review a plan submitted pursuant to
31 paragraph (1) and, within 60 days of receipt, shall accept, accept
32 with reasonable conditions, or reject the plan.

33 (3) The state board shall not accept the plan with reasonable
34 conditions or reject the plan without meeting with the entity at
35 least 15 days before the acceptance with reasonable conditions or
36 rejection of the plan. The state board may extend the 60-day period
37 described in paragraph (2) by no more than 180 days in order to
38 allow for full consultation and collaboration between the state
39 board and the entity, with the goal of that full consultation and
40 collaboration being a mutually agreeable plan to remedy the

1 violations of drinking water standards in a timely manner. The
2 state board shall not unreasonably withhold or delay approval of
3 a plan or impose unreasonable conditions on a plan.

4 (b) If an entity receiving a notice pursuant to subdivision (a) of
5 Section 78030 has begun a remediation plan under the authority
6 of the state board, a California regional water quality control board,
7 the Public Utilities Commission, or a local agency formation
8 commission, the state board shall deem the remediation plan
9 acceptable without additional conditions.

10 (c) (1) If the state board accepts the plan or accepts the plan
11 with conditions, the entity shall provide quarterly reports to the
12 state board on progress towards a permanent remedy for the
13 violations of drinking water standards and the state board shall
14 hold an annual public hearing to consider whether progress is
15 satisfactory.

16 (2) If the state board rejects the plan, ~~the state board shall cause~~
17 *plan or if a plan is not filed by the deadline specified in paragraph*
18 *(1) of subdivision (a), the state board shall initiate action to do*
19 *one of the following within 30 days:*

20 (A) *Cause the formation of an authority, subject to the provisions*
21 *of subdivision (d), by the applicable local agency formation*
22 *commission, in accordance with Section 78034, to serve the*
23 *customers of the public water system that submitted the plan the*
24 *state board rejects, if the state board makes all of the following*
25 *findings: 78034.*

26 (B) *Exercise its authority to promptly cause the consolidation*
27 *of the entity with a public water system or take other actions to*
28 *remedy the failure to meet applicable drinking water standards*
29 *pursuant to Article 9 (commencing with Section 116650) of Chapter*
30 *4 of Part 12 of Division 104 of the Health and Safety Code.*
31 *Consolidation or other action taken pursuant to this subparagraph*
32 *shall bring the water delivered to customers of the public water*
33 *system into full compliance with all applicable water quality*
34 *standards within two years of the date on which the state board*
35 *rejects the plan or the date the deadline specified in paragraph*
36 *(1) of subdivision (a) is missed. The two-year period may be*
37 *extended for a reasonable time to allow for the construction of*
38 *new or improved infrastructure only upon an affirmative vote of*
39 *a majority of the members of the state board after notice and public*
40 *hearing.*

1 (C) Use existing funding sources and existing legal authority
2 to remedy the failure to meet applicable drinking water standards.

3 (3) Before initiating action pursuant paragraph (2), the state
4 board shall make all of the following findings:

5 (A) The continued operation of the public water system in its
6 current condition is a threat to public health and safety.

7 (B) The public water system lacks the financial, managerial, or
8 technical resources required to remedy the violation of state or
9 federal primary drinking water standards, which results in the
10 entity's inability to remain operationally viable as a public water
11 system.

12 (C) There is no reasonable alternative that would protect the
13 public drinking water supplies of the public water system other
14 than for there to be the formation of an authority to serve the
15 customers of the public water system. system.

16 ~~(3) If the state board is unable to make all of the findings in
17 paragraph (2), the state board shall do either of the following:~~

18 ~~(A) Exercise its authority to remedy the failure to meet
19 applicable drinking water standards pursuant to Article 9
20 (commencing with Section 116650) of Chapter 4 of Part 12 of
21 Division 104 of the Health and Safety Code.~~

22 ~~(B) Use existing funding sources and existing legal authority
23 to remedy the failure to meet applicable drinking water standards.~~

24 (d) Before causing the formation of an authority by the
25 applicable local agency formation commission, the state board
26 shall provide the entity with a period of 15 business days from the
27 date on which the state board issues a written determination
28 rejecting the plan to file a petition for reconsideration. The state
29 board shall, if so requested by the entity, hold an evidentiary
30 hearing under the provisions of the Administrative Procedure Act
31 that shall commence within 90 days of the date on which the
32 petition for reconsideration is filed with the state board and shall
33 issue a final order not later than 60 days after the close of the
34 evidentiary hearing. If the entity does not request an evidentiary
35 hearing, the state board shall issue a final order not later than 60
36 days after the date on which the entity files its petition for
37 reconsideration.

38 (e) If the state board and the Public Utilities Commission reject
39 the plan of a water corporation regulated by the commission, the
40 commission shall proceed with the consolidation or receivership,

1 or both, under the commission's existing programs, or, in
2 consultation with the state board, the commission shall cause the
3 dissolution and transfer of assets of the water corporation into an
4 authority pursuant to paragraph (2) of subdivision (a) of Section
5 78037.

6 78033. (a) (1) No later than July 1, 2021, the state board shall
7 provide written notice to each county, city, water district, private
8 water company, or mutual water company located within a county
9 where an entity receiving a notice under subdivision (a) of Section
10 78030 is located stating that the state board may consider the
11 formation of an authority within that county and inviting other
12 public water suppliers to consider a voluntary dissolution and
13 subsequent inclusion into the authority that may be formed.

14 (2) (A) An entity wishing to consolidate into a proposed
15 authority shall provide a written statement opting into an authority
16 to the administrator of the authority on or before December 31,
17 2021. After the formation of an authority, an entity wishing to join
18 an authority may do so by means of a proposal or petition to the
19 local agency formation commission pursuant to the
20 Cortese-Knox-Hertzberg Local Government Reorganization Act
21 of 2000 (Division 3 (commencing with Section 56000) of Title 5
22 of the Government Code).

23 (B) (i) The customers of an entity identified in paragraph (1)
24 may submit a petition to the administrator of a proposed authority
25 on or before December 31, 2021, that their public water system
26 be included in the proposed authority by filing a petition containing
27 the signatures of either of the following, whichever is less:

28 (I) One thousand residents of the area served by the public water
29 system

30 (II) Ten percent of the service connections of the public water
31 system.

32 (ii) If a petition is timely submitted under this subparagraph,
33 the administrator shall deem that petition to be a request by the
34 entity to be included within the authority. The administrator may
35 deny the request if the administrator determines that including the
36 entity would substantially increase the costs for other anticipated
37 customers of the authority or if the administrator determines that
38 the consolidation of the water systems cannot be accomplished in
39 a successful manner in a reasonable period of time, taking into

1 account economic, environmental, legal, social and technological
2 factors.

3 (b) On or before November 1, 2021, a county or city receiving
4 notice from the state board pursuant to subdivision (a) shall
5 determine whether any county service areas, county waterworks
6 districts, or other dependent special districts providing water
7 service or water and sewer service located within the county that
8 provide water service or water and sewer service only in the
9 proposed area of the authority should be included within the
10 proposed authority. If the governing board of the county or city
11 determines that the dependent special district should be included
12 within the proposed authority, the county or city shall provide a
13 written statement on behalf of the dependent special district opting
14 into an authority to the administrator of the authority on or before
15 December 1, 2021. After the formation of an authority, a county
16 or city that concludes that a dependent special district should be
17 consolidated into an authority shall make a proposal or petition to
18 the local agency formation commission for the consolidation
19 pursuant to the Cortese-Knox-Hertzberg Local Government
20 Reorganization Act of 2000 (Division 3 (commencing with Section
21 56000) of Title 5 of the Government Code).

22 (c) An authority may include areas that are not contiguous.

23 (d) No later than November 1, 2021, the administrator for an
24 authority shall consult with all entities identified pursuant to
25 subdivision (a) to provide advice as to the advantages and
26 disadvantages of opting into being included in the authority.

27 78034. (a) No later than 30 days after ~~the rejection of a plan~~
28 *determining that an authority shall be formed* pursuant to Section
29 78032, the state board shall notify a local agency formation
30 commission of a county where the public water system that
31 submitted the plan is located, and, if appropriate given the
32 governance of the public water system, the Public Utilities
33 Commission, that it has determined that the public water system
34 shall be consolidated into an authority.

35 (b) No later than 60 days after ~~the rejection of a proposed plan,~~
36 *determining that an authority shall be formed*, the state board shall
37 do both of the following:

38 (1) Notify the appropriate state agency identified in subdivision
39 (a) of the public water systems that will be consolidated into an
40 authority.

1 (2) Appoint an independent administrator pursuant to Section
2 78035 for each proposed authority who shall be responsible for
3 the preparation of a plan for service and interim administration
4 and management of the authority.

5 78035. (a) On or before March 1, 2022, the administrator,
6 after consultation with the executive officer of the local agency
7 formation commission, shall submit to the state board a conceptual
8 formation plan that includes all of the following:

9 (1) The public water system service areas to be served by the
10 authority.

11 (2) The population to be served by the authority.

12 (3) The available infrastructure to be used by the authority and
13 any known deficiencies.

14 (4) The recorded violations of drinking water standards and the
15 nature of the threat to public health and safety.

16 (5) Financial and operational provisions to be addressed in the
17 plan for service pursuant to Section 78038.

18 (6) A plan for the provision of safe and clean water supplies to
19 the customers of the public water system being included in the
20 authority from the date of submission until the date upon which
21 all infrastructure repair, construction, rehabilitation, or
22 reconstruction needed to provide safe and clean drinking water is
23 completed.

24 (b) The state board shall provide comments on the conceptual
25 formation plan to the administrator and applicable local agency
26 formation commission within 60 days of its receipt.

27 (c) The state board or an authority may determine the legality
28 of the existence of the authority or validate the financial provisions
29 of an interim plan in an action brought pursuant to Chapter 9
30 (commencing with Section 860) of Title 10 of Part 2 of the Code
31 of Civil Procedure.

32 78036. (a) On or before March 1, 2021, the state board shall
33 establish and publish a list of individuals who meet the
34 qualifications in subdivision (e) to serve as administrators pursuant
35 to this division.

36 (b) A single administrator may provide services to several
37 authorities if, in the judgment of the state board, the services can
38 be provided in a manner that achieves the purposes of this division.

39 (c) An administrator, who may be an employee of a consulting
40 firm, shall provide or contract for administrative and managerial

1 service to establish the authority, retain staff and consultants, and
2 commence the remediation of the violations of drinking water
3 standards.

4 (d) The state board shall bear the cost of the administrator and
5 be responsible for all compensation of and reasonable expenses
6 incurred by the administrator for the duration of the period that
7 the administrator serves the authority.

8 (e) The minimum qualifications and selection process for an
9 administrator appointed by the state board pursuant to this division
10 shall be consistent with the minimum qualifications and selection
11 process for administrators appointed in accordance with paragraph
12 (1) of subdivision (m) of Section 116686 of the Health and Safety
13 Code.

14 (f) An administrator shall serve at the pleasure of the state board
15 until whichever of the following dates occurs earlier:

16 (1) The local agency formation commission issues a notice of
17 completion of the plan for service pursuant to Section 78038.

18 (2) Three years from the date that the local agency formation
19 commission forms an authority.

20 (3) No sooner than 30 days after the appointment of a general
21 manager by the board of the authority, at which date the services
22 of the administrator shall be terminated.

23 78037. (a) (1) No later than 240 days after the state board
24 issues a notice pursuant to paragraph (1) of subdivision (b) of
25 Section 78034, the Public Utilities Commission shall order the
26 dissolution of the public water system and the transfer of all assets
27 of the water corporation subject to this paragraph to the authority
28 formed by the local agency formation commission.

29 (2) No later than 240 days after the state board issues a notice
30 pursuant to paragraph (1) of subdivision (b) of Section 78034, the
31 state board shall petition a court of competent jurisdiction for an
32 order dissolving any mutual water company, water corporation,
33 or private corporation that has been operating a public water system
34 identified in subdivision (a) of Section 78034 and transferring the
35 assets of that company or corporation to the authority formed by
36 the local agency formation commission.

37 (b) An owner or shareholder of a water corporation or a mutual
38 water company consolidated into an authority pursuant to
39 subdivision (a) shall be compensated as follows:

1 (1) Within 180 days of the dissolution, the state board shall
2 cause to be prepared a distressed business valuation to determine
3 the net fair market value of the corporation or company, calculated
4 as follows:

5 (A) The assets of the water corporation or mutual water company
6 shall be calculated by estimating the net book value of all assets,
7 including, but not limited to, cash and investments, receivables,
8 prepaid expenses, water in storage, real property, water rights,
9 structures and improvements, equipment, general facilities, and
10 other assets.

11 (B) Notwithstanding subparagraph (A), water rights shall be
12 appraised at their market value if both of the following
13 requirements are met:

14 (i) The water rights provide for the extraction of groundwater
15 in a groundwater basin that has been fully adjudicated and wherein
16 the production right of the water corporation or mutual water
17 company has been determined in that adjudication.

18 (ii) The market valuation is calculated so as to exclude any
19 capital or operating costs that may be required to bring the water
20 being produced under the water right into full compliance with all
21 state and federal law.

22 (C) The liabilities of the water corporation or mutual water
23 company shall be calculated by estimating the financial liabilities,
24 including, but not limited to, accounts payable, unfunded pension
25 or other benefit liabilities, notes payable, bonds payable, as well
26 as outstanding fines, fees, or other assessments for drinking water
27 or other public health violations, estimated costs for outstanding
28 litigation and other anticipated liabilities, and the estimated costs
29 to bring all structures and works into good repair and in compliance
30 with contemporary water infrastructure and drinking water
31 standards.

32 (2) Upon issuance by the state board of the distressed business
33 valuation determining the net fair market value, the authority may
34 seek an order for immediate possession of all of the assets and
35 liabilities of the corporation or company using the procedures set
36 forth in Article 3 (commencing with Section 1255.410) of Chapter
37 6 of Title 7 of Part 3 of the Code of Civil Procedure. A court shall
38 grant immediate possession if the court determines that the
39 procedures in this section have been followed. Judicial review of

1 the determinations by the state board shall be based on substantial
2 evidence in the record before the state board.

3 (3) If an owner or shareholder disputes the distressed business
4 valuation of the state board, the owner or shareholder may file an
5 action pursuant to Section 1094.5 of the Code of Civil Procedure
6 seeking a writ of mandate overturning the valuation. An action
7 pursuant to this paragraph shall have preference in the civil
8 calendar.

9 (4) Payment of the net fair market value of the water corporation
10 or mutual water company, with interest accruing from the effective
11 date of dissolution, shall be paid by the authority within two years
12 of the authority's formation from the proceeds of bond sales or
13 other available funds derived from rates, fees, charges, taxes, or
14 other revenue sources.

15 (5) The authority shall assume all obligations and liabilities of
16 the public water system. After paying the net fair market value to
17 the owners or shareholders of a water corporation or mutual water
18 company, the authority may receive financing from the state to
19 pay all liabilities. The authority shall issue bonds to repay the state
20 with interest for those liabilities pursuant to Part 8 (commencing
21 with Section 78100).

22 (c) At the time a water corporation or a mutual water company
23 is dissolved and consolidated into an authority pursuant to
24 subdivision (a), if there is pending any action in state or federal
25 court or other judicial proceeding brought or maintained by the
26 water corporation or mutual water company for damages to
27 property associated with contamination or pollution of its water
28 supply against one or more responsible parties, both of the
29 following apply:

30 (1) The water corporation's or mutual water company's rights,
31 interests, claims, and causes of action in the action or proceeding
32 shall be deemed transferred, as that term is used in Section 954 of
33 the Civil Code and Section 368.5 of the Code of Civil Procedure,
34 to the authority.

35 (2) The authority shall assume any and all contractual
36 obligations of the water corporation or mutual water company
37 owed to any attorney or law firm in connection with the attorney's
38 or firm's representation of the water corporation or mutual water
39 company in connection with the action or proceeding.

1 78038. (a) Within 180 days after the state board provides
2 comments on the draft conceptual formation plan pursuant to
3 subdivision (b) of Section 78035, the administrator shall submit
4 an application for the dissolution and formation and proposed plan
5 for service to the local agency formation commission for review
6 and potential approval pursuant to Part 3 (commencing with
7 Section 56650) of Division 3 of Title 5 of the Government Code.
8 An application to form an authority shall include at least five public
9 water systems, unless the administrator determines that the
10 authority would be financially and operationally viable with fewer
11 than five public water systems, and may include the following:

12 (1) A public water system from a county service area or other
13 dependent special district.

14 (2) A public water system that has been meeting drinking water
15 standards and that wishes to join the proposed authority.

16 (3) A public water system identified by the state board as
17 chronically serving water that fails to meet drinking water standards
18 in the county in which the proposed authority will be formed.

19 (4) A public water system for which a petition was submitted
20 to the administrator pursuant to subparagraph (B) of paragraph (2)
21 of subdivision (a) of Section 78033 and not denied by the
22 administrator.

23 (b) A proposed plan for service shall include all of the following
24 information, as well as any additional information required or
25 requested by the local agency formation commission or its
26 executive officer:

27 (1) In the case of the formation of an authority that does not
28 involve the dissolution of an existing special district, the plan for
29 service shall include all of the following:

30 (A) An enumeration and description of the services currently
31 provided and to be extended to the affected territory, including the
32 level and range of those services and an indication of when those
33 services can feasibly be extended to the affected territory.

34 (B) An indication of any improvement or upgrading of water
35 facilities, or other conditions the authority would impose or require
36 within the affected territory.

37 (C) Information with respect to how the services to be provided
38 by the authority will be financed, in accordance with Articles XIII,
39 XIII A, XIII C, and XIII D and any other applicable provisions of
40 the California Constitution, that shall include all of the following:

- 1 (i) The necessary financial resources to improve or upgrade
2 water facilities or other infrastructure identified in the formation
3 application.
- 4 (ii) A discussion of the economies of scale that accrue when
5 several small organizations are consolidated into a single authority.
- 6 (iii) An estimated timeframe for constructing and delivering the
7 services identified in the formation application.
- 8 (iv) The operation and maintenance needs of the authority.
- 9 (v) Financial plans for the financing of capital improvements,
10 operation and maintenance of facilities, and operation of the
11 authority.
- 12 (vi) The governance, oversight, and long-term maintenance of
13 the services identified in the formation application after the initial
14 costs are recouped and any tax increment financing terminates.
- 15 (D) Information showing how the area currently being serviced
16 by a public water system that will be included within an authority
17 will be served with water during the period when the authority is
18 being formed until the completion of all capital improvement
19 projects needed to provide safe and clean drinking water.
- 20 (2) In the case of the formation of an authority that includes
21 dissolution of an existing special district, the plan for services shall
22 include all of the following:
 - 23 (A) All of the elements required pursuant to subparagraphs (A)
24 to (C), inclusive, of paragraph (1).
 - 25 (B) An enumeration and description of the services currently
26 provided by the special district proposed for dissolution and
27 identification of the authority proposed to be formed by the
28 successor to assume responsibility for the services following
29 completion of the dissolution.
 - 30 (C) An enumeration and description of each service proposed
31 to be discontinued or transferred, the current financing of each
32 service, and any method of financing proposed by the successor.
 - 33 (D) A delineation of any existing financing of services currently
34 provided to include, but not be limited to, bonds, assessments,
35 general taxes, special taxes, other charges, and joint powers
36 authorities or agreements.
 - 37 (E) Information about any current bankruptcy proceeding,
38 including, but not limited to, the status and exit plan.
 - 39 (F) Information about any current order relating to services
40 provided by the special district proposed for dissolution by any

1 agency, department, office, or other division of the state, including,
2 but not limited to, a cease and desist order or water prohibition
3 order.

4 (G) Information showing how the area currently being serviced
5 by a public water system that will be included within an authority
6 will be served with water during the period when the authority is
7 being formed until the completion of all capital improvement
8 projects needed to provide safe and clean drinking water.

9 (H) Any other information that the local agency formation
10 commission or its executive officer may deem necessary to evaluate
11 the plan for services submitted.

12 (3) A statement by the administrator that the administrator has
13 consulted with representatives of the entities whose customers will
14 be served by the authority to consider the plan for service.

15 (c) (1) If the administrator determines that the formation of an
16 authority would be infeasible for financial, technical, or operational
17 reasons, or would not provide the necessary economies of scale
18 or operating benefits, the administrator may set forth those
19 conclusions in a report to the state board in lieu of submitting a
20 plan for service to the local agency formation commission.

21 (2) The report to the state board shall be submitted at the same
22 time that the administrator would have submitted the application
23 for consolidation to the local agency formation commission.

24 (3) If the state board receives notice from the administrator
25 pursuant to paragraph (1), the state board shall, based on substantial
26 evidence, determine whether the following conditions are present:

27 (A) The continued operation of the public water system in its
28 current condition is a threat to public health and safety.

29 (B) The public water system lacks the financial, managerial, or
30 technical resources required to remedy the violation of state or
31 federal primary drinking water standards, which results in the
32 entity's inability to remain operationally viable as a public water
33 system.

34 (4) If the state board makes both of the findings in paragraph
35 (3), the state board shall do either of the following:

36 (A) Exercise its authority to remedy the failure to meet
37 applicable drinking water standards pursuant to Article 9
38 (commencing with Section 116650) of Chapter 4 of Part 12 of
39 Division 104 of the Health and Safety Code.

1 (B) Use existing funding sources and existing legal authority
2 to remedy the failure to meet applicable drinking water standards.

3 (d) (1) If the local agency formation commission approves the
4 plan and the formation of the authority, the authority shall take the
5 appropriate actions to comply with the plan, subject to Articles
6 XIII, XIII A, XIII C, and XIII D and any other applicable
7 provisions of the California Constitution.

8 (2) If the local agency formation commission approves the plan
9 and the formation of the authority with modifications, the authority
10 shall take the appropriate actions to comply with the modifications
11 within 180 days of the plan's approval with modifications in
12 accordance with Articles XIII, XIII A, XIII C, and XIII D and any
13 other applicable provisions of the California Constitution.

14 (3) An authority subject to paragraph (1) or (2) shall file a
15 statement, under penalty of perjury, with the executive officer of
16 the local agency formation commission certifying compliance with
17 the plan. An authority shall take the appropriate actions to comply
18 with Articles XIII, XIII A, XIII C, and XIII D and any other
19 applicable provisions of the California Constitution and shall file
20 a statement, under penalty of perjury, with the executive officer
21 of the local agency formation commission certifying the
22 compliance. Within 30 days of filing a statement, the executive
23 officer of the local agency formation commission shall issue a
24 notice of completion to the authority and send a copy of that notice
25 to the state board. In the event that the authority fails to timely file
26 a statement certifying compliance with the plan, the state board
27 may issue an order to the authority requiring the filing or other
28 remedial action as may be appropriate.

29 (e) An authority is deemed to be a successor agency to an entity
30 identified in subdivision (a) of Section 78030. An action described
31 in this chapter shall not affect an authority's eligibility or priority
32 for a state loan or grant.

33 78039. Division 13 (commencing with Section 21000) of the
34 Public Resources Code does not apply to either of the following:

35 (a) The formation of an authority pursuant to this chapter.

36 (b) The dissolution of a public water system pursuant to this
37 chapter.

38 78040. (a) Annually for the first three years after the date of
39 an authority's formation by the local agency formation commission,

1 an authority shall file a report with the local agency formation
2 commission and state board as follows:

3 (1) The report shall contain both of the following:

4 (A) A description of operations over the past year.

5 (B) Details of any violations of drinking water standards and
6 the actions taken to remediate a violation.

7 (2) The administrator or, after the discharge of the administrator,
8 the general manager of the authority shall submit the report.

9 (3) A certificate stating that the report consists of a true, full,
10 and complete description of the activities of the authority during
11 the past year shall accompany the report.

12 (b) A local agency formation commission shall hold a public
13 hearing within 90 days of receipt of a report pursuant to subdivision
14 (a) to review the authority’s performance during the previous year.
15 If a report states that an authority has failed to comply with any
16 conditions imposed by the commission on either the original
17 formation or the plan for service adopted pursuant to Section
18 78038, the state board may order the authority to remedy the
19 violations within a reasonable period of time. If an authority fails
20 to timely comply with a remedial order by the state board, the state
21 board may impose a civil penalty on the authority in an amount
22 not to exceed five hundred dollars (\$500) per day for each violation
23 and not to exceed ten thousand dollars (\$10,000) per year for each
24 particular violation.

25 78041. (a) No later than January 1, 2026, the Controller shall
26 prepare, or cause the preparation of, and submit to the Legislature
27 a report that does all of the following:

28 (1) Reviews and evaluates the startup operations of the
29 authorities, in terms of timeliness and cost-effective provision of
30 safe and clean water.

31 (2) Evaluates the fiscal and operational health of the authorities.

32 (3) Makes a recommendation regarding the need for
33 supplemental state funding, if any, and the potential sources of
34 that funding.

35 (b) In preparing the report, the Controller may consult with any
36 individual or organization the Controller deems appropriate,
37 including, but not limited to, the state board, the Association of
38 California Water Agencies, the California Association of Local
39 Agency Formation Commissions, the California Municipal Utilities

1 Association, the California Association of Mutual Water
2 Companies, or the California State Association of Counties.

3 (c) (1) A report to be submitted pursuant to subdivision (a)
4 shall be submitted in compliance with Section 9795 of the
5 Government Code.

6 (2) Pursuant to Section 10231.5 of the Government Code, the
7 requirement for submitting a report imposed under subdivision (a)
8 is inoperative on January 1, 2030.

9 78042. (a) No later than January 1, 2026, the state board shall
10 prepare and submit to the Legislature a report specifying the
11 number of public water systems that, at any time between July 1,
12 2018, and January 1, 2025, were out of compliance with one or
13 more state or federal primary drinking water standards on a running
14 annual average. The report shall identify the public water systems
15 that satisfy any of the following conditions:

16 (1) Were brought into compliance with the applicable drinking
17 water standards through the creation of an authority pursuant to
18 this division.

19 (2) Were brought into compliance with the applicable drinking
20 water standards pursuant to Article 9 (commencing with Section
21 116650) of Chapter 4 of Part 12 of Division 104 of the Health and
22 Safety Code.

23 (3) Remain out of compliance with the applicable drinking water
24 standards.

25 (b) For those public water systems that remain out of compliance
26 with those standards as of January 1, 2025, the report shall propose
27 one or more plans that will, using financial and other resources
28 then available to the state board to the greatest extent feasible,
29 bring those public water systems into compliance with the
30 applicable drinking water standards by January 1, 2029.

31 ~~(b)~~

32 (c) (1) A report to be submitted pursuant to subdivision (a)
33 shall be submitted in compliance with Section 9795 of the
34 Government Code.

35 (2) Pursuant to Section 10231.5 of the Government Code, the
36 requirement for submitting a report imposed under subdivision (a)
37 is inoperative on January 1, 2030.

PART 5. INTERNAL ORGANIZATION

CHAPTER 1. DIRECTORS

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78045. (a) The initial board of an authority shall consist of an odd number of directors composed as follows:

- (1) One representative from each entity consolidated into the authority appointed by the entity before its dissolution.
- (2) One representative from the board of supervisors.
- (3) Additional directors, as needed, appointed by the board of supervisors to comprise at least a five-member board of directors, if one of the entities does not appoint a director.

(b) The public water system representatives in consultation with the administrator shall determine the final number of directors that will compose the initial board if it will consist of more than five members because of the number of former public water systems included in the authority. If the number of directors cannot be agreed upon by the representatives of the public water systems that will become part of the authority in a timely manner, the local agency formation commission shall determine the number of directors that will compose the initial board.

(c) If the initial board consists of five members, the directors shall classify themselves by lot so that two of them shall hold office until the qualification of their successors after the first general district election and three of them shall hold office until the election and qualification of their successors and the second general district election. If the initial board of directors consists of more than five members, the local agency formation commission shall provide for the classification of directors so as to provide that not more than a majority of the directors stand for election every two years.

(d) If the initial board consists of more than five members, the administrator shall include, as part of the plan for service, after consultation with the representatives of public water systems, and the local agency formation commission shall include, as part of the order forming the authority, a transitional plan that will bring the number of directors to five within a reasonable period of time. To the extent practicable, the transitional plan shall ensure that each director represents a division with equal population being served by the authority and that the final divisions are drawn so

1 as to ensure that each director represents a division with equal
2 population being served by the authority.

3 78046. (a) A director shall be a resident of the area served by
4 the authority. To the extent practicable, a director shall represent
5 a division with equal population being served by the authority. If
6 a director moves residence, as defined in Section 244 of the
7 Government Code, outside of the area served by the authority, the
8 director shall have 180 days after the move to reestablish a place
9 of residence within the area served by the authority. If a director
10 cannot establish a place of residence, it shall be presumed that a
11 permanent change of residence has occurred and that a vacancy
12 exists on the board of directors pursuant to Section 1770 of the
13 Government Code.

14 (b) Each elected director shall hold office for a term of four
15 years. A director elected to office shall take office at noon on the
16 first Friday in December succeeding the director's election.

17 (c) Whenever a vacancy occurs in the office of director it shall
18 be filled pursuant to Section 1780 of the Government Code by a
19 qualified person.

20 78047. Notwithstanding Section 20201, a director shall receive
21 compensation in an amount not to exceed two hundred fifty dollars
22 (\$250) per day for each day's attendance at meetings of the board
23 or for each day's service rendered as a director by request of the
24 board, not exceeding a total of 10 days in any calendar month,
25 together with any expenses incurred in the performance of the
26 director's duties required or authorized by the board. For purposes
27 of this section, the determination of whether a director's activities
28 on any specific day are compensable shall be made pursuant to,
29 and reimbursement for these expenses is subject to, Article 2.3
30 (commencing with Section 53232) of Chapter 2 of Part 1 of
31 Division 2 of Title 5 of the Government Code. The board may
32 adjust the compensation for directors pursuant to Chapter 2
33 (commencing with Section 20200) of Division 10.

34

35 CHAPTER 2. THE BOARD

36

37 78050. (a) The board is the governing body of the authority.

38 (b) The board shall hold its first meeting as soon as possible
39 after the selection of the first board of directors and not later than
40 the sixth Monday after the date of the formation.

1 (c) At its first meeting, the board shall provide for the time and
2 place of holding its meetings and the manner in which its special
3 meetings may be called.

4 (d) At its first meeting, and its first meeting in the month of
5 January of each odd-numbered year, the board shall elect one of
6 its members as president. The board may, at any meeting, elect
7 one of its members as vice president. If the president is absent or
8 unable to act, the vice president shall exercise the powers of the
9 president granted in this division.

10 (e) A majority of the board shall constitute a quorum for the
11 transaction of business. However, no ordinance, motion, or
12 resolution may become effective without the affirmative vote of
13 a majority of the members of the board.

14 (f) The board shall act only by ordinance, resolution, or motion.
15 Votes of the members of the board shall not be cast or exercised
16 by proxy.

17 (g) On all ordinances the roll shall be called and the ayes and
18 noes shall be recorded in the journal of the proceedings of the
19 board.

20 (h) The board may adopt resolutions or motions by voice vote,
21 but on demand of any member of the board, the roll shall be called.

22 (i) The board may destroy a record pursuant to Chapter 7
23 (commencing with Section 60200) of Division 1 of Title 6 of the
24 Government Code.

25 78051. (a) The board shall exercise and perform all powers,
26 privileges, and duties of an authority.

27 (b) Any executive, administrative, and ministerial powers may
28 be delegated and redelegated by the board to any of the offices
29 created by this division or by the board.

30 (c) The board may fix the time and place or places at which its
31 regular meetings will be held and shall provide for the calling and
32 holding of special meetings.

33 (d) The board may fix the location of the principal place of
34 business of the authority and the location of all offices and
35 departments maintained under this division.

36 (e) The board may, by ordinance, prescribe a system of business
37 administration.

38 (f) The board may create any necessary offices and establish
39 and reestablish the powers, duties, and compensation of all officers
40 and employees.

1 (g) The board may require and fix the amount of all official
2 bonds necessary for the protection of the funds and property of
3 the authority.

4 (h) The board may, by ordinance, prescribe a system of civil
5 service.

6 (i) The board may, by ordinance, delegate and redelegate to the
7 officers of the authority the power to employ clerical, legal, and
8 engineering assistants and labor.

9 (j) The board may prescribe a method of auditing and allowing
10 or rejecting claims and demands.

11 (k) The board shall designate a depository or depositories to
12 have the custody of the funds of the authority, all of which
13 depositories shall give security sufficient to secure the authority
14 against possible loss, and who shall pay the warrants drawn by the
15 authority's treasurer for demands against the authority under any
16 rules the directors may prescribe.

17 (l) An authority may issue bonds, borrow money, and incur
18 indebtedness as authorized by law.

19 (m) An authority may refund bonds, loans, or indebtedness by
20 the issuance of the same obligations following the same procedure
21 or retire any indebtedness or lien that may exist against the
22 authority or its property.

23 (n) An authority may insure its directors, officers, assistants,
24 employees, agents, and deputies for injury, death, or disability
25 incurred while engaged in the business of the authority and the
26 cost of the insurance is a proper charge against the authority. The
27 insurance is in addition to any compensation secured under the
28 provisions of Division 4 (commencing with Section 3200) of the
29 Labor Code and inuring to the benefit of the director, officer,
30 deputy, assistant, employee, or agent, or their beneficiary or heir.

31 78052. Within 180 days of its initial meeting after formation,
32 the board shall file a certificate with the Secretary of State that
33 includes all of the following:

34 (a) The name of the authority.

35 (b) The date of formation.

36 (c) Any county in which the authority is located and a legal
37 description of the boundaries of the authority, a reference to a map
38 showing the boundaries of the authority, or a reference to a map
39 on file with a county recorder's office showing the boundaries of
40 the authority.

1 (d) An identification of all of the public agencies, water
2 corporations, or mutual water companies that were consolidated
3 into the authority.

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CHAPTER 3. OFFICERS AND EMPLOYEES

7 78055. (a) At its first meeting, or as soon as practicable, the
8 board shall appoint, by a majority vote, a secretary, treasurer,
9 attorney, general manager, and auditor. The board, at any meeting,
10 may appoint a deputy secretary and a deputy treasurer. The board
11 shall define the duties of these officers and fix their compensation.
12 Each officer shall serve at the pleasure of the board. A deputy
13 director, deputy secretary, attorney, general manager, and auditor
14 shall not be directors, but the secretary and treasurer may be
15 directors.

16 (b) The officers appointed pursuant to subdivision (a) shall,
17 until such time as the local agency formation commission issues
18 a notice of completion, pursuant to Section 78038, take direction
19 from the administrator appointed by the state board.

20 (c) The board may employ additional assistants, contractors,
21 and employees as the board deems necessary to efficiently maintain
22 and operate the authority.

23 (d) The board may consolidate the offices of secretary and
24 treasurer.

25 78056. (a) The president and secretary, in addition to the duties
26 imposed on them by law, shall perform any duties that may be
27 imposed on them by the board.

28 (b) The treasurer, or other person as may be authorized by the
29 board, shall draw checks or warrants to pay demands when the
30 demands have been audited and approved in the manner prescribed
31 by the board.

32 (c) Subject to the approval of the board, the general manager
33 shall have full charge and control of the maintenance, operation,
34 and construction of the waterworks or waterworks system of the
35 authority, with full power and authority to employ and discharge
36 all employees and assistants, other than those described in
37 subdivision (a) of Section 78055, at pleasure, prescribe their duties,
38 and fix their compensation.

39 (d) The general manager shall perform duties as may be imposed
40 on the general manager by the board. The general manager shall

1 report to the board in accordance with the rules and regulations
2 adopted by the board.

3 (e) The attorney shall be the legal adviser of the authority and
4 shall perform any other duties that may be prescribed by the board.

5 (f) The general manager, secretary, and treasurer, and other
6 employees or assistants of the authority designated by the board,
7 shall give any bonds to the authority conditioned for the faithful
8 performance of their duties that the board from time to time may
9 provide. The premiums on the bonds shall be paid by the authority.

10

11 PART 6. ELECTIONS

12

13 78060. Elections shall be conducted pursuant to the provisions
14 of the Uniform District Election Law (Part 4 (commencing with
15 Section 10500) of Division 10 of the Elections Code).

16

17 PART 7. POWERS AND PURPOSES

18

19 CHAPTER 1. POWERS GENERALLY

20

21 78065. An authority may exercise the powers that are expressly
22 granted by this division or are necessarily implied.

23 78066. An authority may have perpetual succession. An
24 authority may adopt a seal and alter it at pleasure.

25 78067. An authority may make contracts, employ labor, and
26 do all acts necessary for the full exercise of its powers.

27 78068. (a) An authority may provide by ordinance for the
28 pensioning of officers or employees, for the terms and conditions
29 under which the pensions shall be awarded, and for the time and
30 extent of service of officers or employees before the pensions shall
31 be available to them.

32 (b) An authority may contract with any insurance corporation,
33 the Public Employees' Retirement System, or any other insurance
34 carrier for the maintenance of a service covering the pension of
35 the authority officers or employees and for their health and accident
36 insurance coverage.

37 78069. An authority may disseminate information concerning
38 the rights, properties, and activities of the authority. The power
39 shall not be construed as an exception to the California Public

1 Records Act (Chapter 3.5 (commencing with Section 6250) of
2 Division 7 of Title 1 of the Government Code).

3 78070. An authority may, by resolution, obtain membership
4 in an association having for its purpose the furtherance of a subject
5 relating to the powers and duties of the authority and for the
6 interchange of information relating to those powers and duties. An
7 authority may appropriate the funds necessary for these purposes.

8 78071. An authority may, by resolution of the board of directors
9 spread on its minutes, change the name of the authority. Certified
10 copies of the resolution changing the name of the authority shall
11 be recorded in the office of the county recorder of every affected
12 county and sent to the county clerk of every affected county and
13 to the state board.

14 78072. Every person convicted of an infraction for a violation
15 of any local ordinance or regulation adopted pursuant to this
16 division shall be punished upon a first conviction by a fine not
17 exceeding fifty dollars (\$50) and for a second conviction within a
18 period of one year by a fine of not exceeding one hundred dollars
19 (\$100) and for a third or any subsequent conviction within a period
20 of one year by a fine of not exceeding two hundred fifty dollars
21 (\$250).

22 78073. (a) In order to enforce the provisions of any ordinance
23 of the authority, including an ordinance fixing charges for the
24 furnishing of commodities or services, the authority may correct
25 any violation of an ordinance of the authority. The authority may
26 also petition the superior court for the issuance of a preliminary
27 or permanent injunction, or both, as may be appropriate, restraining
28 any person from the continued violation of any ordinance of the
29 authority or for the issuance of an order stopping or disconnecting
30 a service if the charges for that service are unpaid at the time
31 specified in the ordinance.

32 (b) The authority may enter upon the private property of any
33 person within the jurisdiction of the authority in order to investigate
34 possible violations of an ordinance of the authority. The
35 investigation shall be made with the consent of the owner or tenant
36 of the property or, if consent is refused, with a warrant duly issued
37 pursuant to the procedures set forth in Title 13 (commencing with
38 Section 1822.50) of Part 3 of the Code of Civil Procedure, except
39 that, notwithstanding Section 1822.52 of the Code of Civil
40 Procedure, the warrant shall be issued only upon probable cause.

1 (c) The authority shall notify the county or city building
2 inspector, county health inspector, or other affected county or city
3 employee or office, in writing, within a reasonable time if an actual
4 violation of an authority, city, or county ordinance is discovered
5 during the investigation.

6
7 CHAPTER 2. WATER
8

9 78075. (a) An authority may acquire, control, distribute, store,
10 spread, sink, treat, purify, recycle, recapture, and salvage any water,
11 including sewage and stormwater, for the beneficial use of the
12 authority.

13 (b) An authority may undertake a water conservation program
14 to reduce water use and may require, as a condition of new service,
15 that reasonable water-saving devices and water reclamation devices
16 be installed to reduce water use.

17 (c) An authority may sell water under its control, without
18 preference, to cities, other public corporations, agencies, and
19 persons, within the authority for use within the authority.

20 (d) An authority may fix the rates at which water shall be sold.
21 Different rates may be established for different classes or conditions
22 of service, but rates shall be uniform throughout the authority for
23 like classes and conditions of service. Rates fixed by an authority
24 shall result in revenues that will do all of the following:

25 (1) Pay the operating expenses of the authority.

26 (2) Provide for repairs and depreciation of works.

27 (3) Provide a reasonable surplus for improvements, extensions,
28 and enlargements.

29 (4) Pay the interest on any bonded debt.

30 (5) Provide a sinking or other fund for the payment of the
31 principal of the bonded debt as it becomes due.

32 (e) An authority furnishing water for residential use to a tenant
33 shall not seek to recover any charge or penalty for the furnishing
34 of water to or for the tenant's residential use from any subsequent
35 tenant on account of nonpayment of charges by a previous tenant.
36 The authority may require that service to subsequent tenants be
37 furnished on the account of the landlord or property owner.

38 78076. (a) Pursuant to the notice, protest, and hearing
39 requirements imposed by Section 53753 of the Government Code,
40 an authority, by ordinance on or before the third Monday in August

1 in each fiscal year, may fix a water standby assessment or
2 availability charge in the authority or in any portion of the authority
3 to which the authority makes water available, whether the water
4 is actually used or not.

5 (b) The standby assessment or availability charge shall not
6 exceed one hundred dollars (\$100) per acre per year for each acre
7 of land on which the charge is levied or one hundred dollars (\$100)
8 per year for a parcel less than one acre.

9 (c) The ordinance fixing a standby assessment or availability
10 charge shall be adopted by the board pursuant to the notice, protest,
11 and hearing procedures in Section 53753 of the Government Code
12 and only after adoption of a resolution setting forth the particular
13 schedule or schedules of charges or assessments proposed to be
14 established by ordinance and after a hearing on the resolution.

15 (d) If the procedures set forth in this section were followed, the
16 board may, by ordinance, continue the standby assessment or
17 availability charge pursuant to this chapter in successive years at
18 the same rate. If new, increased, or extended assessments are
19 proposed, the board shall comply with the notice, protest, and
20 hearing procedures in Section 53753 of the Government Code.

21 (e) An ordinance fixing a standby assessment or availability
22 charge may establish a schedule varying the charges according to
23 land uses, water uses, and degree of water availability.

24 (f) On or before the third Monday in August, the board shall
25 furnish in writing to the board of supervisors and the county auditor
26 of each affected county a description of each parcel of land within
27 the authority upon which a standby charge is to be levied and
28 collected for the current fiscal year, together with the amount of
29 standby charge fixed by the authority on each parcel of land.

30 (g) The board shall direct that, at the time and in the manner
31 required by law for the levying of taxes for county purposes, the
32 board of supervisors shall levy, in addition to any other tax it levies,
33 the standby charge in the amounts for the respective parcels fixed
34 by the board.

35 (h) All county officers charged with the duty of collecting taxes
36 shall collect authority standby charges with the regular tax
37 payments to the county. The charges shall be collected in the same
38 form and manner as county taxes are collected, and shall be paid
39 to the authority.

1 (i) Charges fixed by the authority shall be a lien on all the
2 property benefited by the charges. Liens for the charges shall be
3 of the same force and effect as other liens for taxes, and their
4 collection may be enforced by the same means as provided for the
5 enforcement of liens for state and county taxes.

6 78077. (a) An authority may restrict the use of authority water
7 during any emergency caused by drought, or other threatened or
8 existing water shortage, and may prohibit the wastage of authority
9 water or the use of authority water during periods for any purpose
10 other than household uses or other restricted uses as the authority
11 determines to be necessary. An authority may also prohibit use of
12 authority water during these periods for specific uses that it finds
13 to be nonessential.

14 (b) An authority may prescribe and define by ordinance the
15 restrictions, prohibitions, and exclusions referred to in subdivision
16 (a). The ordinance is effective upon adoption; but, within 10 days
17 after its adoption, the ordinance shall be published pursuant to
18 Section 6061 of the Government Code in full in a newspaper of
19 general circulation that is printed, published, and circulated in the
20 authority. If there is no newspaper of general circulation printed,
21 published, and circulated in the authority, the ordinance shall be
22 posted within 10 days after its adoption in three public places
23 within the authority.

24 (c) A finding by the board upon the existence, threat, or duration
25 of an emergency or shortage, or upon the matter of necessity or of
26 any other matter or condition referred to in subdivision (a), shall
27 be made by resolution or ordinance. The finding is prima facie
28 evidence of the fact or matter so found, and the fact or matter shall
29 be presumed to continue unchanged unless and until a contrary
30 finding is made by the board by resolution or ordinance.

31 (d) The finding made by the board pursuant to subdivision (c)
32 shall be received in evidence in any civil or criminal proceeding
33 in which it may be offered, and shall be proof and evidence of the
34 fact or matter found until rebutted or overcome by other sufficient
35 evidence received in the proceeding. A copy of any resolution or
36 ordinance setting forth the finding shall, when certified by the
37 secretary of the authority, be evidence that the finding was made
38 by the authority as shown by the resolution or ordinance and
39 certification.

1 (e) From and after the publication or posting of any ordinance
 2 pursuant to subdivision (b), and until the ordinance has been
 3 repealed or the emergency or threatened emergency has ceased, it
 4 is a misdemeanor for any person to use or apply water received
 5 from the authority contrary to or in violation of any restriction or
 6 prohibition specified in the ordinance. Upon conviction, such a
 7 person shall be punished by imprisonment in the county jail for
 8 not more than 30 days, or by fine not exceeding six hundred dollars
 9 (\$600), or by both.

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CHAPTER 3. PROPERTY

13 78080. An authority may, within or without the authority, take
 14 real and personal property of every kind by grant, purchase, gift,
 15 device, or lease, and hold, use, enjoy, lease, or dispose of real and
 16 personal property of every kind.

17 78081. An authority may do all of the following:

18 (a) Acquire, or contract to acquire, waterworks or a waterworks
 19 system, waters, water rights, lands, rights, and privileges.

20 (b) Construct, maintain, and operate conduits, pipelines,
 21 reservoirs, works, machinery, and other property useful or
 22 necessary to store, convey, supply, or otherwise make use of water
 23 for a waterworks plant or system for the benefit of the authority.

24 (c) Complete, extend, add to, repair, or otherwise improve any
 25 waterworks or waterworks system acquired by the authority.

26 (d) Carry on and conduct waterworks or a waterworks system.

27 78082. An authority may lease from any person, or public
 28 corporation or agency, with the privilege of purchasing or
 29 otherwise, all or any part of water storage, transportation, or
 30 distribution facilities, existing waterworks, or a waterworks system.

31 78083. An authority may exercise the right of eminent domain
 32 to take any property necessary to supply the authority or any
 33 portion of the authority with water. The authority, in exercising
 34 the power, shall, in addition to the damage for the taking, injury,
 35 or destruction of property, also pay the cost of removal,
 36 reconstruction, or relocation of any structure, railways, mains,
 37 pipes, conduits, wires, cables, or poles of any public utility that is
 38 required to be removed to a new location.

39 78084. An authority may construct works along and across
 40 any stream of water, watercourse, street, avenue, highway, canal,

1 ditch, or flume, or across any railway that the route of the works
2 may intersect or cross. The works shall be constructed in such a
3 manner as to afford security for life and property, and the authority
4 shall restore the crossings and intersections to their former state
5 as near as may be, or in a manner so as not to have impaired
6 unnecessarily their usefulness.

7
8 CHAPTER 4. CONTRACTS
9

10 78085. Contracts mentioned in this chapter include those made
11 with the United States under the Federal Reclamation Act of June
12 17, 1902, and all acts amendatory thereof or supplementary thereto,
13 or any other act of Congress heretofore or hereafter enacted
14 permitting cooperation.

15 78086. An authority may join with one or more public agencies,
16 private corporations, or other persons for the purpose of carrying
17 out any of the powers of the authority, and for that purpose may
18 contract with any other public agencies, private corporations, or
19 persons to finance acquisitions, construction, and operations.

20 78087. The contracts with other public agencies, private
21 corporations, or persons may provide for contributions to be made
22 by each party to the contract, for the division and apportionment
23 of the expenses of the acquisitions and operations, and for the
24 division and apportionment of the benefits, services, and products
25 from the contract. The contracts may also provide for an agency
26 to effect the acquisitions and to carry on the operations, and shall
27 provide in the powers and methods of procedure for the agency
28 the method by which the agency may contract. The contracts may
29 contain other and further covenants and agreements as may be
30 necessary or convenient to accomplish the purposes of the contract.

31
32 CHAPTER 5. CONTROVERSIES
33

34 78090. An authority may sue and be sued, except as otherwise
35 provided in this division or by law, in all actions and proceedings
36 in all courts and tribunals of competent jurisdiction.

37 78091. An authority may commence, maintain, intervene in,
38 and compromise, in the name of the authority, any action or
39 proceeding involving or affecting the ownership or use of water
40 or water rights within the authority, used or useful for any purpose

1 of the authority, or a common benefit to lands within the authority
2 or inhabitants of the authority.

3 78092. An action to determine the validity of any contract
4 authorized by Chapter 4 (commencing with Section 78085) and
5 any bonds, notes, or other evidences of indebtedness may be
6 brought pursuant to Chapter 9 (commencing with Section 860) of
7 Title 10 of Part 2 of the Code of Civil Procedure.

8 78093. All claims for money or damages against the authority
9 are governed by Part 3 (commencing with Section 900) and Part
10 4 (commencing with Section 940) of Division 3.6 of Title 1 of the
11 Government Code except as provided therein, or by other statutes
12 or regulations expressly applicable to the authority.

13 78094. To carry out the purposes of this division, an authority
14 shall have the power to commence, maintain, intervene in, defend,
15 and compromise, in the name of the authority, or as a class
16 representative of the inhabitants, property owners, taxpayers, water
17 producers, or water users within the authority, or otherwise, and
18 to assume the costs and expenses of any and all actions and
19 proceedings now or hereafter begun to determine or adjudicate all
20 or substantially all of the water rights of a basin or other hydrologic
21 unit overlain, in whole or in part, by the authority, as between
22 owners of or claimants to those rights, to prevent any interference
23 with water or water rights used or useful to the lands, inhabitants,
24 owners, operators, or producers within the authority, or to prevent
25 the diminution of the quantity or quality of the water supply of the
26 authority or the basin, or to prevent unlawful exportation of water
27 from the authority or basin.

28 78095. An authority may employ counsel to defend any action
29 brought against it or against any of its officers, agents, or
30 employees on account of any claimed action or inaction involving
31 any claimed injury, taking, damage, or destruction, and the fees
32 and expenses involved in the defense shall be a lawful charge
33 against the authority.

34 78096. If any officer, agent, or employee of the authority is
35 held liable for any act or omission in their official capacity, except
36 in case of actual fraud or actual malice, and any judgment is
37 rendered, the authority shall pay the judgment without obligation
38 for repayment by the officer, agent, or employee.

PART 8. FINANCIAL PROVISIONS

CHAPTER 1. POWERS

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78100. Article 4 (commencing with Section 53500) and Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code apply to an authority for the purpose of providing funds for the acquisition, construction, improving, or financing of any public improvement authorized by this division. For the purposes of Article 4 (commencing with Section 53500) and Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, “property” shall refer to both land and improvements with the effect that ad valorem taxes or assessments levied by an authority to repay a general obligation bond may be levied upon both land and improvements if approved by the electorate.

78101. Any money belonging to an authority may be deposited or invested and drawn out as provided in Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, as that article may be amended. References in that article to “auditor” shall mean, for the purposes of an authority, the secretary of an authority.

78102. (a) An improvement district may be formed in an authority in the same manner as an improvement district is formed in an irrigation district pursuant to Part 7 (commencing with Section 23600) of Division 11. When formed, an improvement district shall be governed and have the same powers as an improvement district in an irrigation district pursuant to Part 7 (commencing with Section 23600) of Division 11.

(b) A board shall have the same rights, powers, duties, and responsibilities with respect to the formation and government of an improvement district as the board of directors of an irrigation district has with respect to an improvement district in an irrigation district pursuant to Division 11 (commencing with Section 20500).

(c) An assessment in an improvement district in an authority shall be levied, collected, and enforced at the same time and in as nearly the same manner as practicable as annual taxes for purposes of the authority in which formed, except that the assessment shall be made in the same manner as provided with respect to an

1 improvement district in an irrigation district pursuant to Part 7
2 (commencing with Section 23600) of Division 11.

3 (d) All powers and duties of an authority may be exercised on
4 behalf of or within any improvement district formed pursuant to
5 this section.

6 (e) An authority may issue revenue bonds in accordance with
7 the Revenue Bond Law of 1941 (Chapter 6 (commencing with
8 Section 54300) of Part 1 of Division 2 of Title 5 of the Government
9 Code) on behalf of any portion of the authority created as an
10 improvement district pursuant to this section, except that the
11 issuance of revenue bonds by an authority shall not be subject to
12 the election procedures of Article 3 (commencing with Section
13 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the
14 Government Code. The board shall authorize undertaking the
15 improvement and the issuance of revenue bonds for that purpose
16 by ordinance or resolution of the board, which shall be subject to
17 referendum. If an authority issues revenue bonds on behalf of an
18 improvement district, the issuance of the revenue bonds is limited
19 to the area of the improvement district. The proceeds of any
20 revenue bonds issued on behalf of an improvement district shall
21 not be used to finance public improvements to provide service
22 outside the service area of the improvement district. Only revenue
23 derived from rates or charges for providing the service within the
24 service area of the improvement district shall be pledged or used
25 to pay for any revenue bonds issued on behalf of an improvement
26 district.

27 (f) For the purposes of subdivision (e), “service area of the
28 improvement district” means the territory of an improvement
29 district as it existed at the time of revenue bond issuance plus lands
30 outside of the improvement district, if any, being served at the
31 time of the bond issuance by the improvement district facilities,
32 and additional territory, if any, annexed to the improvement district
33 as the improvement district existed at the time of the issuance
34 election, not exceeding, in the aggregate, 40 percent by area of the
35 improvement district as the improvement district existed at the
36 time of the bond issuance.

37 78103. The authority may exercise the powers granted pursuant
38 to Division 10 (commencing with Section 8500) of the Streets and
39 Highways Code.

CHAPTER 2. FINANCIAL PLAN AND IMPLEMENTATION

78110. No later than one year after the date upon which an authority is formed, the administrator shall prepare and submit a capital improvement plan to the state board. The plan shall bring the authority into full compliance with drinking water standards within three years, which time may be extended by the state board for good cause.

78111. No later than 18 months after the date upon which an authority is formed, the authority shall levy an assessment, fee, charge, or special tax, in accordance with Articles XIII, XIII A, XIII C, and XIII D of the California Constitution, and any other applicable law, to fund the ongoing operations and maintenance of the public water system.

CHAPTER 3. FISCAL PROVISIONS

78115. (a) Upon appropriation by the Legislature from the General Fund, or, to the extent funds are available from bond revenues or other sources, including federal, state, academic, or other public or private entities, the state board shall provide funding for an administrator pursuant to subdivision (d) of Section 78036, and for formation and startup costs of an authority for up to three fiscal years after formation of the authority, as follows:

(1) The state board shall provide to the local agency formation commission in the counties in which one or more authorities are to be formed up to a total of ____ dollars (\$____) for staffing and consulting resources and other reasonable expenses to implement Sections 78035, 78038, 78040, and 78041. This amount shall be for all formations of authorities pursuant to this division.

(2) The state board shall provide, for the administrator and consulting resources under Section 78036, funding of up to a total of ____ dollars (\$____). This amount shall be for all formations of authorities pursuant to this division.

(3) The state board shall provide funding assistance to each authority for three consecutive fiscal years after formation based upon the plan for service approved by the local agency formation commission pursuant to Section 78038 in an amount not to exceed 33 percent of an authority’s annual projected rate revenue in the first fiscal year, 20 percent of an authority’s projected rate revenue

1 in the second fiscal year, and 10 percent of an authority’s projected
2 rate revenue in the third fiscal year. The total funding requirement
3 for this paragraph shall not exceed ____ dollars (\$____).

4 (4) The state board shall provide funding assistance to each
5 authority in its first fiscal year equivalent to 25 percent of an
6 authority’s projected rate revenue to function as a working capital
7 reserve fund. The total funding requirement for this paragraph
8 shall not exceed ____ dollars (\$____).

9 (b) Upon appropriation by the Legislature from the General
10 Fund, or, to the extent funds are available from bond revenues or
11 other sources, including federal, state, academic, or other public
12 or private entities, the state board shall receive up to ____ dollars
13 (\$____) for the preparation of distressed business valuations to
14 determine the net fair market value of the water corporations or
15 mutual water companies pursuant to Section 78037.

16 (c) If the moneys specified in subdivisions (a) and (b) are not
17 sufficient to meet the statewide needs of the authorities created
18 pursuant to this division, funding shall be made available for the
19 purposes of this division upon appropriation from the Safe Drinking
20 Water State Revolving Fund created by Section 116760.30 of the
21 Health and Safety Code as follows, to the extent permitted by
22 federal law:

23 (1) Grants or loans, as applicable, for capital improvements
24 shall be deemed to be within the highest funding priority within
25 the state revolving fund. Loans shall, until January 1, 2030, be
26 awarded to an authority without interest. On and after July 1, 2030,
27 the interest on loans shall be at the lowest possible rate then
28 available.

29 (2) Grants or loans, as applicable, for technical assistance,
30 planning, or other nonconstruction-related matters other than
31 staffing or the operation and maintenance of facilities shall, until
32 January 1, 2030, be deemed to be within the highest funding
33 priority within the state revolving fund and, on and after January
34 1, 2030, shall be deemed to be within the second-highest priority
35 within the state revolving fund.

36
37 PART 9. CHANGES IN ORGANIZATION

38
39 78120. Provided that a change in organization is consistent
40 with this division, a change in organization shall be carried out as

1 set forth in the Cortese-Knox-Hertzberg Local Government
2 Reorganization Act of 2000 (Division 3 (commencing with Section
3 56000) of Title 5 of the Government Code).

4 SEC. 9. No reimbursement is required by this act pursuant to
5 Section 6 of Article XIII B of the California Constitution for certain
6 costs that may be incurred by a local agency or school district
7 because, in that regard, this act creates a new crime or infraction,
8 eliminates a crime or infraction, or changes the penalty for a crime
9 or infraction, within the meaning of Section 17556 of the
10 Government Code, or changes the definition of a crime within the
11 meaning of Section 6 of Article XIII B of the California
12 Constitution.

13 However, if the Commission on State Mandates determines that
14 this act contains other costs mandated by the state, reimbursement
15 to local agencies and school districts for those costs shall be made
16 pursuant to Part 7 (commencing with Section 17500) of Division
17 4 of Title 2 of the Government Code.

O

Attachment B



SB 414 (Caballero) The Small System Water Authority Act of 2019

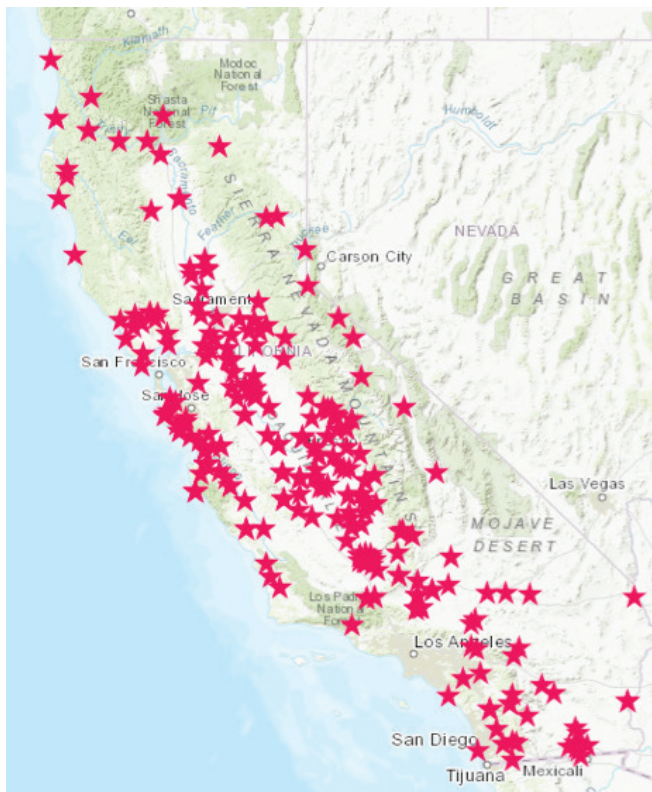
A Solution to Providing Safe Drinking Water to Communities Served by Chronically Non-Compliant Systems

Background

In 2012, Governor Jerry Brown signed into law Assembly Bill 685 (Eng), establishing the Human Right to Water—declaring that it is the policy of the state that every Californian has a human right to safe, clean, affordable, and accessible drinking water.

Water Accessibility and Safety Concerns in California

Nearly 800,000 people in California lack access to safe and reliable drinking water on a daily basis. The State Water Resources Control Board (State Board) has identified 329 (as of November 2017) systems statewide that chronically serve

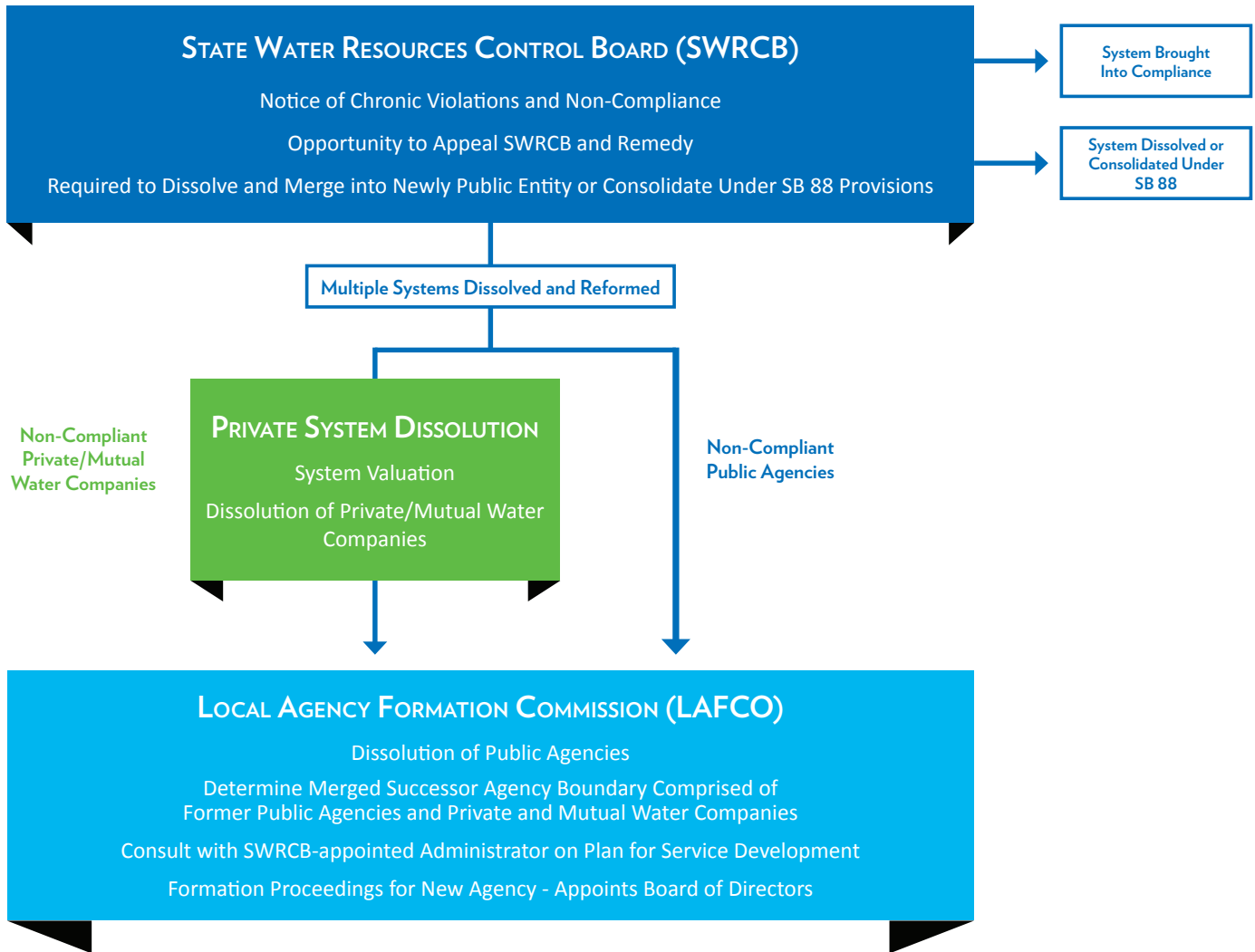


contaminated drinking water or cannot provide reliable water service due to unsound infrastructure or because they lack the local financial, managerial, and technical resources to do so. The vast majority of these systems are small, rural systems that typically serve less than 10,000 people. A sustainable solution is necessary to address this drastic health and safety crisis.

To date, laws have been passed that address various elements of the water accessibility issue including voluntary and forced consolidations, supplying resources and technical support, and limiting the development of new unsustainable water systems. While these efforts have created a portfolio of options to address this critical issue of water accessibility in California, immediate and lasting changes to the governance structure of chronically non-compliant small systems are still needed to protect public health and safety.

The Small System Water Authority Act of 2019

SB 414 would create the Small System Water Authority Act of 2019, providing yet another valuable tool to prevent chronically non-compliant water systems from serving contaminated water to Californians. SB 414 proposes to merge non-compliant water systems into a larger and more robust public water system that can take advantage of improved economies of scale, streamlined managerial functions and enhanced financial capacity.



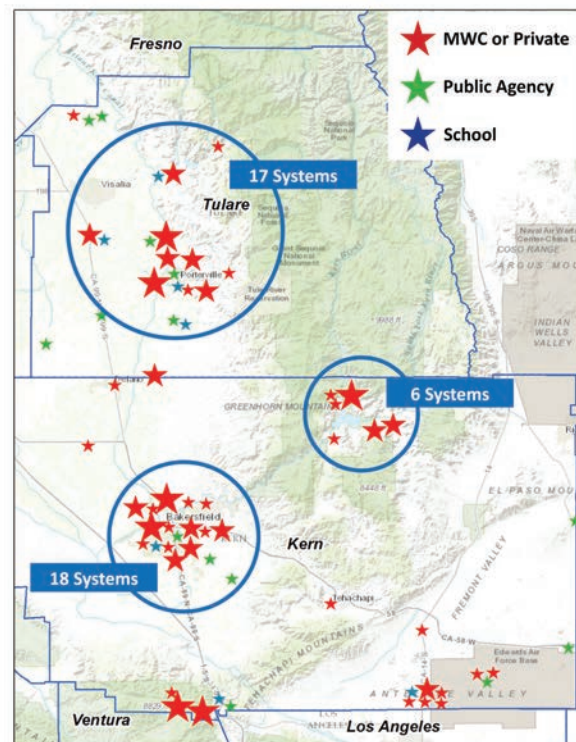
This bill authorizes the State Board to notify chronically non-compliant systems that they are in violation of public health and safety. Each system is then provided with an opportunity to develop a compliance plan within a given time period. If a system is unable to develop an approved plan, the State Board will then notify the county local agency formation commission (LAFCO) that it has determined the chronically non-compliant system needs to be dissolved and consolidated into an authority. Private and mutual water companies will be dissolved and will receive compensation through a distressed business valuation process, if there is remaining value on the system. At this time any existing water systems also will have an opportunity to voluntarily consolidate with a new authority.

The State Board will appoint an Administrator in regions that have five or more chronically non-compliant systems. In regions that have less than five systems, the State Board will be directed to use existing consolidation authorities and funding to bring those systems into compliance. The LAFCO will then form the new Small System Water Authority (Authority), which will have the unique powers to absorb, improve, and consolidate currently non-compliant public water systems with either contiguous or noncontiguous boundaries. Each Authority will be

required to submit a conceptual formation plan to the State Board. The Administrator will identify and hire critical staff and will ultimately complete a Final Plan for Service that will be approved, through a local public hearing process, at the LAFCO.

The new system will be formed as an independent special district, provided with new internal and external financing opportunities, increased transparency including an elected Board of Directors, and the system will be scaled to a size to develop, coordinate, or contract through regional agreements, the necessary infrastructure to treat contamination issues. This in turn will lead to more sustainable water systems that can effectively deliver safe and affordable drinking water to its residents.

SAMPLE Grouping of Non-Compliant Systems For demonstration purposes only.



Larger stars denote proportionately larger populations of small systems noted as “Out of Compliance” in State Water Board Database.

For more information regarding the Small System Water Authority Act of 2019

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Small System Water Authority Act of 2019 Support/Opposition

SUPPORT

California Municipal Utilities Association (Co-Sponsor)
Eastern Municipal Water District (Co-Sponsor)
Economic Development Coalition
California Association of Mutual Water Companies
Calleguas Municipal Water District
City of Garden Grove
City of Menifee
City of Murrieta
City of Newport Beach
City of Roseville
City of Torrance
Cucamonga Valley Water District
El Toro Water District
Emerald Bay Service District
Independent Special Districts of Orange County
Irvine Ranch Water District
Laguna Beach County Water District
Las Virgenes Municipal Water District
Mesa Water District
Municipal Water District of Orange County
Murrieta/Wildomar Chamber of Commerce
Rincon del Diablo Municipal Water District
Rural County Representatives of California
Santa Ana Watershed Project Authority
Santa Margarita Water District
South Coast Water District
Southwest California Legislative Council
The Metropolitan Water District of Southern California
Three Valleys Municipal Water District
Valley Center Municipal Water District
Western Municipal Water District
Yorba Linda Water District

OPPOSITION

Clean Water Action (Oppose Unless Amended)
Community Water Center (Oppose Unless Amended)
Leadership Counsel for Justice and Accountability (Oppose Unless Amended)
Rural Communities Assistance Corporation (Oppose Unless Amended)
Self-Help Enterprises (Oppose Unless Amended)

DATE: May 14, 2019

TO: Water Policy/Technical Advisory Committee

FROM: Marisa Creter, Executive Director

RE: SB 669 (CABALLERO): SAFE DRINKING WATER FUND

RECOMMENDED ACTION

Recommend the Governing Board support SB 669 (Caballero).

BACKGROUND

At the March 2019 Governing Board meeting, members adopted Resolution 19-11 updating the SGVCOG strategic plan. This updated plan identified a strategic goal related to advocacy for regulatory/legislative changes that facilitate member agencies' ability to comply with water regulations and reduce costs. As a result, staff is taking a continued effort to identify initiatives that further this strategic goal. One bill, SB 669 (Caballero) would address the gap in funding at the state level by creating the Safe Drinking Water Fund. The Fund would be established in the State Treasury and would provide that moneys in the Fund are continuously appropriated to the State Water Resources Control Board. SB 669 would require the State Board to administer the Fund to assist community water systems in disadvantaged communities that are chronically noncompliant relative to the federal and state drinking water standards and do not have the financial capacity to pay for operation and maintenance (O&M) costs to comply with those standards, as specified.

Additionally, the SB 669 would create the Safe Drinking Water Trust Commission, consisting of 3 members, to serve as the trustee of the Fund and would require the trustee to abide by the act and have all of the fiduciary duties, responsibilities, and obligations consistent with serving as a trustee of the Fund. Whereas SB 414 provides the governance framework, SB 669 would provide the financial framework. This dual approach legislative package would address the non-compliant water systems in California.

The Fund's principal would be initially financed with a one-time infusion of General Fund dollars during a budget surplus year. Funding the Trust with General Fund dollars during a budget surplus year would tap into a progressive source of revenue (income tax), instead of creating a regressive drinking water tax on water users and adding to the cost of water.

SUPPORT AND OPPOSITION

Supporters of SB 669 argue that a funding gap for O&M costs for the treatment of drinking water by community water systems in disadvantaged communities currently exists. O&M costs generally cannot be financed with existing federal and state safe drinking water funding sources that are available for capital costs. The following are agencies that are in support of SB 669:

- Association of California Water Agencies (Sponsor)
- California Municipal Utilities Association (Sponsor)
- Amador Water Agency
- BizFed
- Calaveras County Water District
- City of La Palma
- City of Lakewood
- City of Riverside
- City of Roseville
- City of Santa Rosa
- Desert Water Agency
- Eastern Municipal Water District
- El Dorado Irrigation District
- Goleta Water District
- Howard Jarvis Taxpayers Association
- Humboldt Community Services District
- Indian Wells Valley Water District
- Irvine Ranch Water District
- Los Angeles County Business Federation
- Metropolitan Water District of Southern California
- Northern California Water Association
- Orange County Water District
- Professional Engineers in California Government
- Regional Water Authority
- Rincon del Diablo Municipal Water District
- Rowland Water District
- San Diego County Water Authority
- San Gabriel Valley Municipal Water District
- San Gabriel Valley Water Association
- San Juan Water District
- Southern California Water Coalition
- Three Valleys Municipal Water District
- Tuolumne Utilities District
- Twain Harte Community Services District
- Upper San Gabriel Valley Municipal Water District
- Vista Irrigation District
- Walnut Valley Water District
- Western Canal Water District
- Yorba Linda Water District

There is no known opposition of SB 669.

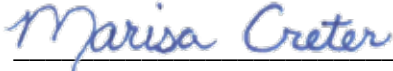
REPORT

Prepared by:



Navneet Kaur
Management Analyst

Approved by:



Marisa Creter
Executive Director

ATTACHMENTS

Attachment A – SB 669 Bill Text
Attachment B – SB 669 Fact Sheet

Introduced by Senator Caballero

February 22, 2019

An act to add Chapter 4.6 (commencing with Section 116765) and Chapter 4.7 (commencing with Section 116771) to, Part 12 of Division 104 of the Health and Safety Code, relating to water, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 669, as introduced, Caballero. Water quality: Safe Drinking Water Fund.

(1) Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This bill would establish the Safe Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the state board. The bill would require the state board to administer the fund to assist community water systems in disadvantaged communities that are chronically noncompliant relative to the federal and state drinking water standards and do not have the financial capacity to pay for operation and maintenance costs to comply with those standards, as specified. The bill would authorize the state board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, and bequests, transfers by the Legislature from the General Fund and the Greenhouse Gas Reduction Fund, funding from authorized general obligation bond acts, and net revenue from the Safe Drinking Water Trust that this bill would create.

The bill would require the state board to expend moneys in the fund for grants, loans, contracts, or services to assist eligible applicants. The bill by July 1, 2021, and by July 1 of each year thereafter, would require the state board to adopt, working with a multistakeholder advisory group, after a public workshop and a public hearing, an annual fund implementation plan. The bill would require the state board annually to prepare and make publicly available a report of expenditures of the fund and to adopt annually, after a public hearing, an annual update to a specified needs analysis. By creating a new continuously appropriated fund, this bill would make an appropriation.

(2) Existing law requires a trustee to administer a trust with reasonable care, skill, and caution under the circumstances then prevailing that a prudent person acting in a like capacity would use, as specified. The existing Uniform Prudent Investor Act requires a trustee to invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust.

This bill would create in the State Treasury the Safe Drinking Water Trust Fund, to hold the trust property of the Safe Drinking Water Trust. The bill would create the Safe Drinking Water Trust Commission, consisting of 3 members, to serve as the trustee of the trust and would require the trustee to abide by the act and have all of the fiduciary duties, responsibilities, and obligations consistent with serving as a trustee of a trust. The bill would require the trustee to transfer the net income from the trust fund to the Safe Drinking Water Fund for expenditure, as prescribed. The bill would authorize funding of the trust principal, subject to transfer by the Legislature. The bill would require the trustee to accept donations that shall be deemed trust property and increase the principal of the trust. The bill would require the trustee to meet, not less than quarterly, to review the investment of the trust principal and administer the trust. The bill would require the trustee to provide the state board annually with an accounting of the investments and a forecast of the projected income to be distributed from the funds in future fiscal years. The bill would require the trust to be deemed a charitable trust subject to the supervision of the Attorney General.

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

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

1 SECTION 1. Chapter 4.6 (commencing with Section 116765)
2 is added to Part 12 of Division 104 of the Health and Safety Code,
3 to read:

4
5 CHAPTER 4.6. SAFE DRINKING WATER

6
7 Article 1. Legislative Findings and Declarations

8
9 116765. The Legislature finds and declares all of the following:

10 (a) Section 106.3 of the Water Code declares that it is the policy
11 of the state that every human being has the right to safe, clean,
12 affordable, and accessible water adequate for human consumption,
13 cooking, and sanitary purposes.

14 (b) For all community water systems, the operation and
15 maintenance costs to supply, treat, and distribute potable water
16 that complies with federal and state drinking water standards on
17 a routine and consistent basis may be significant.

18 (c) Some community water systems in disadvantaged
19 communities that do not have access to safe drinking water do not
20 have the technical, managerial, or financial capacity that is needed
21 to comply with the federal and state drinking water standards on
22 a routine and consistent basis.

23 (d) Some state or federal drinking water project funding sources
24 prohibit the use of that funding for operation and maintenance
25 costs. If a community water system does not have the financial
26 capacity to fund operations and maintenance costs, the community
27 water system may not be able to access funding for capital costs
28 to comply with the federal and state drinking water standards on
29 a routine and consistent basis.

30 (e) Hundreds of thousands of Californians, particularly those
31 living in small disadvantaged communities, rely on unsafe drinking
32 water from a chronically noncompliant community water system,
33 which impacts human health, household costs, and community
34 economic development.

35 (f) It is important that new permitted public water systems are
36 sustainable.

37 (g) Chapter 843 of the Statutes of 2016 added Section 116527
38 to and amended Section 116540 of the Health and Safety Code

1 and added Section 106.4 to the Water Code to authorize the State
2 Water Resources Control Board to prevent the permitting of new,
3 unsustainable public water systems.

4 (h) It is in the interest of the state to identify, help develop, and
5 help implement solutions for those chronically noncompliant
6 community water systems in disadvantaged communities that do
7 not have the technical, managerial, or financial capacity to comply
8 with the federal and state drinking water standards, and as a result,
9 have ongoing violations.

10 (i) To assist chronically noncompliant community water systems
11 in disadvantaged communities to come into compliance with the
12 federal and state drinking water standards and become
13 self-sufficient, the net revenue from a safe drinking water trust is
14 a reasonable and sustainable way to provide state funding
15 assistance for operation and maintenance costs and consolidation
16 costs where financial assistance is needed.

17 (j) Funding of the trust with General Fund dollars during one
18 or more years of state budget surplus is an appropriate priority for
19 the state because the lack of access to safe drinking water in some
20 disadvantaged communities is a social and public health issue for
21 the state. Once the trust is funded, the revenue from the trust will
22 be a long-term durable solution to assist chronically noncompliant
23 community water systems in disadvantaged communities in
24 becoming self-sufficient relative to safe drinking water.

25
26
27

Article 2. Definitions

28 116766. For the purposes of this chapter:

29 (a) "Administrator" has the same meaning as defined in Section
30 116686.

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

32 (c) "Community water system" has the same meaning as defined
33 in Section 116275.

34 (d) "Disadvantaged community" has the same meaning as
35 defined in Section 116275.

36 (e) "Eligible applicant" means a public agency, a local
37 educational agency, a nonprofit organization, a public utility, a
38 federally recognized Indian tribe, a state Indian tribe listed on the
39 Native American Heritage Commission's California Tribal
40 Consultation List, a mutual water company, and an administrator.

1 (f) “Fund” means the Safe Drinking Water Fund established
2 pursuant to Section 116767.

3 (g) “Public water system” has the same meaning as defined in
4 Section 116275.

5 (h) “Replacement water” means bottled water, vended water,
6 or point-of-use or point-of-entry treatment units.

7
8
9

Article 3. Safe Drinking Water Fund

10 116767. The Safe Drinking Water Fund is hereby established
11 in the State Treasury. Notwithstanding Section 13340 of the
12 Government Code, all moneys in the fund are continuously
13 appropriated to the board, without regard to fiscal years, in
14 accordance with this chapter. Moneys in the fund at the close of
15 the fiscal year shall remain in the fund and shall not revert to the
16 General Fund. Moneys in the fund shall not be available for
17 appropriation or borrowed for use for any purpose not established
18 in this chapter unless that use of the moneys is authorized by statute
19 that receives an affirmative vote of two-thirds of the membership
20 in each house of the Legislature.

21 116768. (a) The board shall administer the fund to assist
22 community water systems in disadvantaged communities that are
23 chronically noncompliant relative to the federal and state drinking
24 water standards and do not have the financial capacity to pay for
25 operation and maintenance costs to comply with those standards
26 by providing assistance for all of the following:

27 (1) Operation and maintenance costs to both help bring the
28 systems into compliance with those standards and help the systems
29 become self-sufficient relative to safe drinking water.

30 (2) Consolidation costs for the community water systems.

31 (3) Replacement water to provide the systems with safe drinking
32 water as a short-term solution.

33 (4) The provision of administrative and managerial services
34 under Section 116686 for purposes of helping the systems become
35 self-sufficient in the long term.

36 (b) Consistent with subdivision (a), the board shall expend
37 moneys in the fund for grants, loans, contracts, or services to assist
38 eligible applicants.

- 1 (c) Consistent with subdivision (a), the goals for implementation
- 2 of this fund are that community water systems benefitting from
- 3 the funding both:
 - 4 (1) Will become compliant relative to the federal and state
 - 5 drinking water standards.
 - 6 (2) Will become self-sufficient and will need assistance for no
 - 7 longer than 10 years.
- 8 (d) The board may undertake any of the following actions to
- 9 implement the fund:
 - 10 (1) Provide for the deposit of all of the following moneys into
 - 11 the fund:
 - 12 (A) Federal funding.
 - 13 (B) Transfers by the Legislature from the General Fund.
 - 14 (C) Net revenue from the Safe Drinking Water Trust.
 - 15 (D) Funding from a general obligation bond act that authorizes
 - 16 the deposit of bond moneys into the fund.
 - 17 (E) Transfers by the Legislature from the Greenhouse Gas
 - 18 Reduction Fund.
 - 19 (F) Voluntary contributions, gifts, grants, or bequests.
 - 20 (2) Enter into agreements for contributions to the fund from the
 - 21 federal government, local or state agencies, private corporations,
 - 22 or nonprofit organizations.
 - 23 (3) Direct portions of the fund to a subset of eligible applicants
 - 24 as required or appropriate based on funding source and consistent
 - 25 with the annual fund implementation plan.
- 26 (e) The board may expend moneys from the fund for reasonable
- 27 costs associated with administration of the fund, including outreach
- 28 regarding the availability of the funding. The board may expend
- 29 no more than 5 percent of the annual revenue from the fund for
- 30 reasonable costs associated with the administration of the fund.
- 31 (f) The board shall provide for appropriate audit, accounting,
- 32 and fiscal management services, plans, and reports relative to the
- 33 fund.
- 34 (g) At least every five years, the board, in consultation with the
- 35 Legislative Analyst’s Office, shall conduct a public review and
- 36 assessment of the fund that evaluates and reports on all of the
- 37 following:
 - 38 (1) The effectiveness of expending moneys from the fund in
 - 39 terms of both helping bring chronically noncompliant community
 - 40 water systems in disadvantaged communities into compliance with

1 the federal and state safe drinking water standards and helping
2 chronically noncompliant community water systems in
3 disadvantaged communities become self-sufficient.

4 (2) The sources of funding and the amount of funding from each
5 source that went into the fund during the time period that is being
6 reviewed and assessed.

7 (3) The community water systems for which self-sufficiency
8 has been achieved and for which funding from the fund is no longer
9 necessary.

10 (4) The community water systems that have received funding
11 for 10 years or more and for which self-sufficiency has not been
12 achieved, the actions that have been taken, the reasons why
13 self-sufficiency has not been achieved, and, where appropriate,
14 the reasons why continued funding from the fund is necessary.

15 (h) The board shall make a report of the public review and
16 assessment described in subdivision (g) available on the board's
17 internet website.

18 (i) The board, an employee of the board, or any authorized
19 person shall not be deemed to have incurred or be required to incur
20 any obligation to provide additional funding or undertake additional
21 action solely as a result of having undertaken an action pursuant
22 to this chapter.

23 116769. By July 1, 2021, and by July 1 of each year thereafter,
24 the board shall do all of the following:

25 (a) Prepare and make publicly available a report of expenditures
26 from the fund.

27 (b) Adopt, after a public hearing, an annual update to the needs
28 analysis of drinking water systems first directed by the Legislature
29 in Item 3940-002-0001 of Section 2.00 of the Budget Act of 2018.

30 (c) Work with a multistakeholder advisory group to obtain input
31 regarding priorities for the fund that can reasonably be
32 accomplished in the next year and development of the annual fund
33 implementation plan.

34 (d) Adopt, after a public workshop and a public hearing, an
35 annual fund implementation plan.

36 SEC. 2. Chapter 4.7 (commencing with Section 116771) is
37 added to Part 12 of Division 104 of the Health and Safety Code,
38 to read:

1 CHAPTER 4.7. SAFE DRINKING WATER TRUST ACT OF 2019

2
3 Article 1. Short Title

4
5 116771. This chapter shall be known, and may be cited, as the
6 Safe Drinking Water Trust Act of 2019.

7
8 Article 2. Legislative Findings of Necessity and Cause for
9 Action

10
11 116772. (a) Because Section 106.3 of the Water Code
12 establishes the policy of the state that every human being has the
13 right to safe, clean, affordable, and accessible water adequate for
14 human consumption, cooking, and sanitary purposes, it is in the
15 interest of the people of the state to enact this chapter to establish
16 a trust fund for the governmental purpose of providing a perpetual
17 source of funding to assist community water systems in
18 disadvantaged communities that are chronically noncompliant
19 relative to the federal and state drinking water standards and do
20 not have the financial capability to pay for operation and
21 maintenance costs to comply with those standards by providing
22 funding assistance for all of the following:

- 23 (1) Operation and maintenance costs to both help bring the
- 24 systems into compliance with those standards and help the systems
- 25 to become self-sufficient.
- 26 (2) Consolidation costs for the systems.
- 27 (3) Replacement water to provide the systems with safe drinking
- 28 water as a short-term solution.
- 29 (4) The provision of administrative and managerial services
- 30 pursuant to Section 116686 for purposes of helping the systems
- 31 become self-sufficient in the long term.

32 (b) The primary purpose of the Safe Drinking Water Trust, a
33 charitable trust established pursuant to this chapter, shall be to
34 provide a perpetual source of funding each year to the Safe
35 Drinking Water Fund established pursuant to Section 116767 in
36 furtherance of the trust fund purposes in subdivision (a).

37 (c) It is the intent of the Legislature that the funding for the trust
38 be from General Fund dollars transferred to the trust by the
39 Legislature during one or more years of state budget surplus.

1 Article 3. Safe Drinking Water Trust

2
3 116773. Unless the context otherwise requires, the following
4 definitions govern the construction of this chapter:

5 (a) “Board” means the State Water Resources Control Board.

6 (b) “Beneficiary” means the people of the state, as represented
7 by the board in its implementation of the provisions of Chapter
8 4.6 (commencing with Section 116765) and its administration of
9 the Safe Drinking Water Fund established pursuant to Section
10 116767. The beneficiary’s interest in the trust shall only be to the
11 net income generated from the trust principal.

12 (c) “Income” means the money, enhanced value, or other income
13 the trust receives as current return from the investment of the trust
14 principal.

15 (d) “Net income” means the trust income earned July 1 to June
16 30, inclusive, of the previous year minus all of the necessary and
17 reasonable expenses incident to the administration of the trust
18 during that same period.

19 (e) “Principal” means the trust property, inclusive of any
20 increase designated as part of the trust principal by the trustee as
21 a result of a higher than anticipated return on the investment
22 pursuant to paragraph (2) of subdivision (b) of Section 116773.6
23 that is held in trust for the beneficiary and to accomplish the
24 purposes described in Section 116772.

25 (f) “Trust” means the Safe Drinking Water Trust.

26 (g) “Trust fund” means the account established pursuant to
27 subdivision (a) of Section 116773.2 to hold the trust property.

28 (h) “Trust property” means the money transferred to the trust
29 fund pursuant to subdivision (d) of Section 116773.6 and any
30 donation to the trust fund received and accepted by the trustee after
31 January 1, 2020.

32 (i) “Trustee” means the Safe Drinking Water Trust Commission.

33 116773.2. (a) There is hereby created in the State Treasury
34 the Safe Drinking Water Trust Fund for holding the trust property
35 of the Safe Drinking Water Trust and for the purpose of
36 implementing the public and governmental purposes of this chapter.
37 Net income distributed by the trustee from the trust fund is hereby
38 transferred to the board for deposit in and expenditure from the
39 Safe Drinking Water Fund in accordance with Chapter 4.6
40 (commencing with Section 116765).

1 (b) Moneys in the trust fund, including the trust principal and
2 trust income, shall not be available for appropriation or be
3 borrowed for use for any purpose not established in this chapter.

4 (c) Funding of the trust principal is hereby authorized and is
5 subject to transfer by the Legislature. All transfers to the trust are
6 hereby irrevocably transferred from the General Fund during
7 budget surplus years to the trustee for deposit in the Safe Drinking
8 Water Trust Fund for investment to accomplish the purposes of
9 this chapter and on the conditions prescribed in Section 116773.6.

10 (d) Notwithstanding any other law, moneys deposited into the
11 Safe Drinking Water Trust Fund or to fund the trust shall not be
12 transferred to the General Fund.

13 116773.4. (a) There is hereby created the Safe Drinking Water
14 Trust Commission, consisting of three members, selected as
15 follows:

- 16 (1) The Treasurer, or the Treasurer’s designee.
- 17 (2) The Lieutenant Governor, or the Lieutenant Governor’s
18 designee.
- 19 (3) The Controller, or the Controller’s designee.

20 (b) The Safe Drinking Water Trust Commission shall serve as
21 the trustee of the trust having all of the fiduciary duties,
22 responsibilities, and obligations consistent with serving as a trustee
23 of a trust.

24 (c) The Treasurer shall serve as chairperson of the Safe Drinking
25 Water Trust Commission. The commission shall annually elect
26 from its members a vice chairperson and a secretary who shall
27 hold office until December 31 and shall continue to serve until
28 their respective successors are elected.

29 (d) The trustee shall do all of the following:

- 30 (1) Meet not less than quarterly to review the investment of the
31 trust principal and administer the trust.
- 32 (2) Meet on the call of the chairperson, at the request of a
33 majority of the members, or at the request of the Governor.
- 34 (3) Adopt bylaws or other governing documents it deems
35 necessary for the regulation of its affairs and the conduct of its
36 business.

37 (e) Notwithstanding Section 10231.5 of the Government Code,
38 the Safe Drinking Water Trust Commission annually shall provide
39 the board with an accounting of the investments and a forecast of
40 the projected income to be distributed from the fund in future fiscal

1 years. The board shall include the information in the fund
2 implementation plan prepared by subdivision (c) of Section
3 116769.

4 116773.6. (a) The trustee of the Safe Drinking Water Trust
5 shall hold the trust property for the primary benefit of the trust's
6 beneficiary and shall hold, manage, and invest the trust principal
7 with the obligation of providing a perpetual source of annual
8 funding to the Safe Drinking Water Fund established in Section
9 116767. The trustee shall not invade the trust principal.

10 (b) The trustee shall collect, receive, and monetize, if prudent,
11 the income from the trust, and shall transfer the trust's net income
12 annually as follows:

13 (1) If the net income earned by the trust during the previous
14 fiscal year is less than or equal to ____ dollars (\$____), the trustee
15 shall deposit the entire value of the net income into the Safe
16 Drinking Water Fund for the benefit of the trust's beneficiary.

17 (2) If the net income earned by the trust during the previous
18 fiscal year is greater than ____ dollars (\$____), the trustee shall
19 deposit at least ____ dollars (\$____) into the Safe Drinking Water
20 Fund for the benefit of the trust's beneficiary and shall determine
21 if any additional portion of the net income should be deposited
22 into the Safe Drinking Water Fund that year. Any portion of the
23 net income not deposited in the Safe Drinking Water Fund shall
24 be deemed a part of the trust principal by the trustee as a result of
25 a higher than anticipated return on the investment on the trust
26 principal in the previous fiscal year.

27 (3) Notwithstanding any other law, the trustee, and any
28 employee or agent of the trustee, shall not sell, purchase, exchange,
29 or otherwise deal with or dispose of all or any parts of the principal
30 of the trust.

31 (c) The trustee shall exercise its administration of the trust as a
32 fiduciary to the beneficiary. The trustee, in its administration of
33 the trust, shall abide by the Uniform Prudent Investor Act (Article
34 2.5 (commencing with Section 16045) of Chapter 1 of Part 4 of
35 Division 9 of the Probate Code). The trustee shall have the powers,
36 obligations, and responsibilities of a trustee prescribed in Part 4
37 (commencing with Section 16000) of Division 9 of the Probate
38 Code that are not inconsistent with the purposes and provisions of
39 this chapter.

40 (d) The trust shall have both of the following powers:

- 1 (1) To accept donations that shall be deemed trust property and
- 2 increase the principal of the trust.
- 3 (2) Use no more than 1 percent of the trust income earned July
- 4 1 to June 30, inclusive, of each year to pay for the necessary and
- 5 reasonable expenses incident to the administration of the trust
- 6 during that same period.
- 7 (e) The trust shall be deemed a charitable trust subject to the
- 8 supervision of the Attorney General.

O

Attachment B

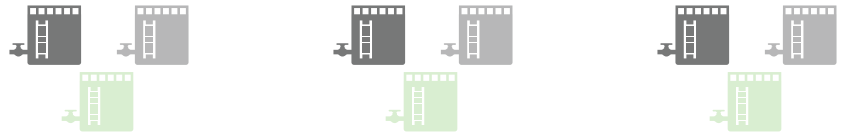
A DUAL-APPROACH TO ADDRESS SAFE DRINKING WATER NEEDS OF CALIFORNIANS

GOVERNANCE – SB 414 (CABALLERO)

A dual-approach that addresses each unsustainable community water system's underlying issues is imperative, and must include transparent and sustainable governance reform.

The goal must be to create highly functioning water systems with self-sustaining financial capacity.

Provides a pathway to compliance and one-time investment that will not impose a statewide water tax on ratepayers.



Pathways to Compliance

Small System Water Authority Formation

SB 88 (BTB, 2015)
SB 552 (Wolk, 2016)

Bring System into Compliance



Provides governance reform, local control and enhanced financial capacity



Consolidation or extension of services utilizing existing tools and resources



Ensures water quality and infrastructure investment

PERMANENT AND SUSTAINABLE

Creates an efficient pathway to compliance and addresses governance issues, and only one path requires a one-time investment applied over four years.

LOCAL CONTROL

Through a public process, establishes special districts called Small System Water Authorities, with locally-elected boards.

TRANSPARENCY

Creates independent special districts with open and public meetings, independent audits, and finances posted on a public website.

FINANCIAL CAPACITY

Generates economies of scale and reduces overhead. Systems with less than 400 service connections can have overhead costs as high as 60 cents for every ratepayer dollar, leaving little to cover water safety needs.



No Water Tax



Creates Economies of Scale



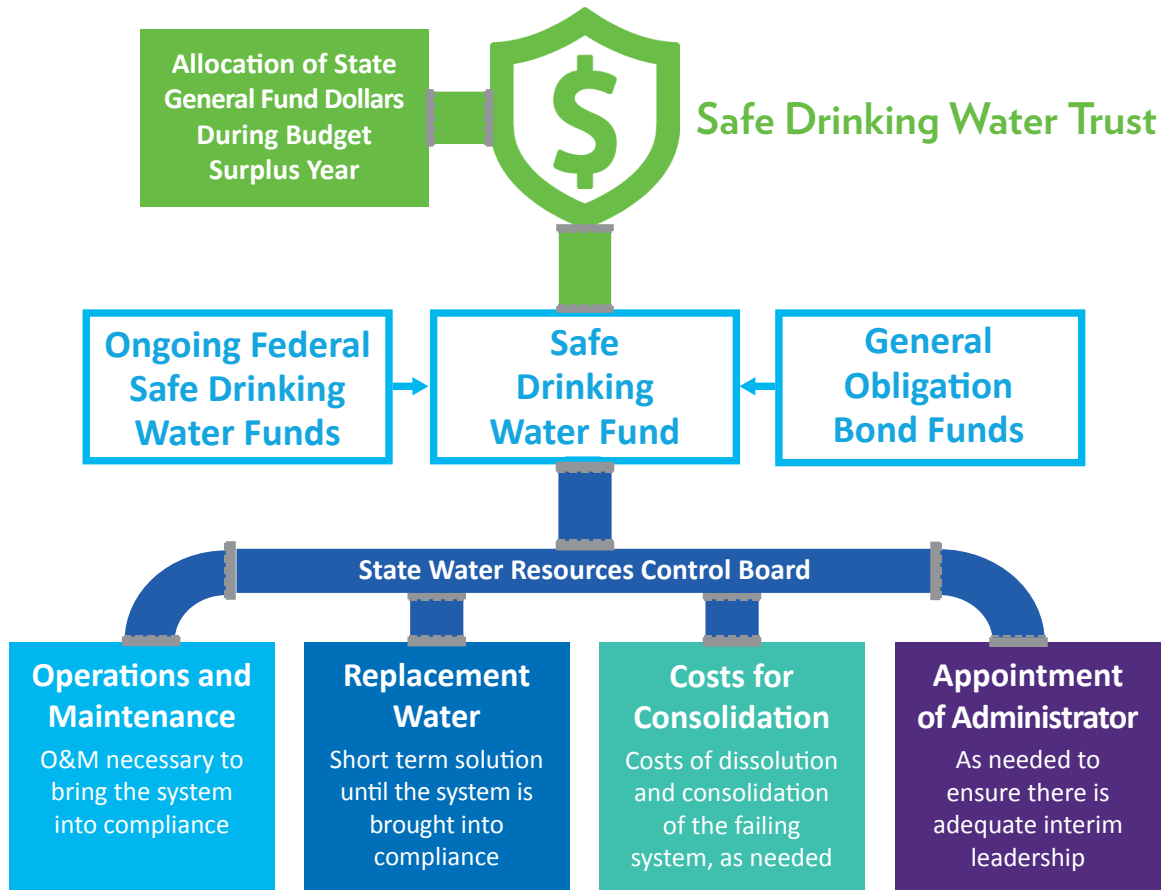
Establishes Self-Sustaining Systems

SEE REVERSE FOR | FUNDING | INFORMATION

Learn more emwd.org/BetterSolution



A DUAL-APPROACH TO ADDRESS SAFE DRINKING WATER NEEDS OF CALIFORNIANS TRUST – SB 669 (CABALLERO)



A funding solution that does not impose a statewide water tax, and when coupled with governance reforms, establishes a sound process for repairing failing community water systems.



Solving this crisis requires a dual approach that addresses governance and funding.

SEE REVERSE FOR | GOVERNANCE | INFORMATION

Learn more emwd.org/BetterSolution

DATE: May 14, 2019

TO: Water Policy/Technical Advisory Committee

FROM: Marisa Creter, Executive Director

RE: SB 205 (HERTZBERG): STORMWATER DISCHARGE COMPLIANCE

RECOMMENDED ACTION

Discuss and provide direction to staff.

BACKGROUND

SB 205 (Hertzberg) would require cities and/or counties to verify a business' compliance with a National Pollutant Discharge Elimination Systems (NPDES) prior to the issuance or renewal of a local business license. The goal of SB 205 (Hertzberg) is to diminish water pollution by requiring applicable industrial facilities to demonstrate compliance when applying for their business license or renewal. This would standardize the filing process for all businesses subject to comply with NPDES and encourages uniformity with water quality requirements.

SUPPORT AND OPPOSITION

The following agencies support SB 205 (Hertzberg):


- American Rivers
- California Coastal Protection Network
- California Coastkeeper Alliance
- California Metals Coalition
- Center for Biological Diversity
- Coachella Valley Waterkeeper
- Foothill Conservancy
- Heal the Bay
- Humboldt Baykeeper
- Inland Empire Waterkeeper
- Los Angeles Waterkeeper
- Monterey Coastkeeper
- Natural Resources Defense Council
- Orange County Coastkeeper
- Planning and Conservation League
- Russian Riverkeeper
- San Diego Coastkeeper
- Santa Barbara Channelkeeper
- Save the Bay
- Surfrider Foundation

REPORT

- The Otter Project
- Wholly H2O
- Yuba River Waterkeeper

There is no known opposition for SB 205. The League of California Cities has issued concerns about the bill, specifically as it relates to requiring local governments to verify compliance with stormwater standards. This requirement could have significant cost impacts and potentially shift compliance liability from businesses onto local governments and change how cities issue business licenses. Typically, cities use an administrative process in issuing business licenses based on the business' license application. The information provided in the application is collected by the city but is not verified due to the administrative nature of issuing the license. SB 205 differs from this process by requiring cities to verify information submitted in the business license application.

Prepared by:



Katie Ward
Senior Management Analyst

Approved by:



Marisa Creter
Executive Director

ATTACHMENTS

Attachment A – SB 205 Bill Text

AMENDED IN SENATE MARCH 21, 2019

SENATE BILL

No. 205

Introduced by Senator Hertzberg

February 4, 2019

An act to add Sections 16000.3 and 16100.3 to the Business and Professions Code, and to add Section 13383.10 to the Water Code, relating to business.

LEGISLATIVE COUNSEL'S DIGEST

SB 205, as amended, Hertzberg. Business licenses: stormwater discharge compliance.

Existing law authorizes the legislative body of an incorporated city and the county board of supervisors, in the exercise of its police power, to license any kind of business not prohibited by law that is transacted and carried on within its ~~jurisdiction~~. *jurisdiction, and to impose license fees*. Existing law imposes various requirements on cities and counties prior to issuing specified business licenses, including verifying that a person applying for a business license to conduct business as a contractor is licensed by the Contractors' State License Board.

Under existing law, the State Water Resources Control Board and the California regional water quality control boards prescribe waste discharge requirements for the discharge of stormwater by municipalities and industries in accordance with the federal National Pollutant Discharge Elimination System (NPDES) permit program and the Porter-Cologne Water Quality Control Act. Existing law requires regulated municipalities and industries to obtain a stormwater permit.

This bill would require, when applying to a city or a county for an initial business license or business license renewal, a person who conducts a business operation that is a regulated industry to demonstrate

compliance with the NPDES permit program by providing specified information, under penalty of perjury, on the application, including, among other things, the Standard Industrial Classification code for the business. ~~This~~ *The bill would apply to all applications for initial business licenses and business license renewals submitted on and after January 1, 2020. The bill would permit a city or county to develop a provisional license procedure for business license renewals that provides businesses 3 months to comply with these provisions.* By requiring that the information be submitted under penalty of perjury, this bill would expand the crime of perjury and impose a state-mandated local program.

This bill would require the city or county to confirm that the information submitted to demonstrate compliance is valid, active, and corresponds to the business requesting the initial business license or business license renewal, and would require the city or county to transfer that information to the State Water Resources Control Board. The bill would require the State Water Resources Control Board, on or before April 1, 2020, to post on its internet website a list of applicable Standard Industrial Classification codes for the purpose of validation by cities or counties, and would require the state board to update that list annually.

This bill would also find and declare that the provisions of the bill address the health and safety of drinking water sources throughout the state, a matter of statewide concern, and that these provisions therefore apply to charter cities, charter counties, and charter cities and counties.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. The Legislature finds and declares that the
2 provisions of this measure address the health and safety of drinking
3 water sources throughout the state, a matter of statewide concern,
4 and that these provisions therefore apply to charter cities, charter
5 counties, and charter cities and counties.

6 SEC. 2. Section 16000.3 is added to the Business and
7 Professions Code, to read:

8 16000.3. (a) When applying to a city for an initial business
9 license or business license renewal, a person who conducts a
10 business operation that is a regulated industry, as defined in Section
11 13383.5 of the Water Code, shall demonstrate compliance with
12 the National Pollutant Discharge Elimination System (NPDES)
13 permit program by providing all of the following information,
14 under penalty of perjury, on the initial business license or business
15 license renewal application:

16 (1) The name and location of facilities operated by the person
17 of that business.

18 (2) The Standard Industrial Classification Code, as defined in
19 Section 25244.14 of the Health and Safety Code, for the business.

20 (3) Any of the following for each facility operated by the person
21 of that business:

22 (A) The stormwater permit number, known as the Waste
23 Discharger Identification number (WDID), issued for the facility
24 by the State Water Resources Control Board.

25 (B) The WDID application number issued for the facility by
26 the State Water Resources Control Board.

27 (C) The “notice of nonapplicability identification number”
28 (NONA) issued for the facility by the State Water Resources
29 Control Board.

30 (D) The “no exposure” certification issued for the facility by
31 the State Water Resources Control Board.

32 (b) Prior to the issuance or renewal of the business license, the
33 city shall confirm that the WDID, WDID application number,
34 NONA, or no exposure certification is valid, active, and
35 corresponds to the business requesting the initial business license
36 or business license renewal. The city may use information posted
37 on the internet website of the State Water Resources Control Board
38 pursuant to Section 13383.10 of the Water Code for these purposes.

1 (c) The city shall transfer compliance information received in
2 subdivision (a) to the State Water Resources Control Board as
3 requested by the board.

4 (d) *For business license renewals, a city may develop a*
5 *provisional license procedure that provides businesses three*
6 *months to comply with the requirements of this section.*

7 ~~(d)~~

8 (e) “City” includes a charter city and a charter city and county.

9 ~~(e)~~

10 (f) This section shall apply to applications for initial business
11 licenses and business license renewals submitted on and after
12 January 1, 2020.

13 SEC. 3. Section 16100.3 is added to the Business and
14 Professions Code, to read:

15 16100.3. (a) When applying to a county for an initial business
16 license or business license renewal, a person who conducts a
17 business operation that is a regulated industry, as defined in Section
18 13383.5 of the Water Code, shall demonstrate compliance with
19 the National Pollutant Discharge Elimination System (NPDES)
20 permit program by providing all of the following information,
21 under penalty of perjury, on the initial business license or business
22 license renewal application:

23 (1) The name and location of facilities operated by the person
24 of that business.

25 (2) The Standard Industrial Classification Code, as defined in
26 Section 25244.14 of the Health and Safety Code, for the business.

27 (3) Any of the following for each facility operated by the person
28 of that business:

29 (A) The ~~storm-water~~ *stormwater* permit number, known as the
30 Waste Discharger Identification number (WDID), issued for the
31 facility by the State Water Resources Control Board.

32 (B) The WDID application number issued for the facility by
33 the State Water Resources Control Board.

34 (C) The “notice of nonapplicability identification number”
35 (NONA) issued for the facility by the State Water Resources
36 Control Board.

37 (D) The “no exposure” certification issued for the facility by
38 the State Water Resources Control Board.

39 (b) Prior to the issuance or renewal of the business license, the
40 county shall confirm that the WDID, WDID application number,

1 NONA, or no exposure certification is valid, active, and
2 corresponds to the business requesting the initial business license
3 or business license renewal. The county may use information
4 posted on the internet website of the State Water Resources Control
5 Board pursuant to Section 13383.10 of the Water Code for these
6 purposes.

7 (c) The county shall transfer compliance information received
8 in subdivision (a) to the State Water Resources Control Board as
9 requested by the board.

10 (d) *For business license renewals, a county may develop a*
11 *provisional license procedure that provides businesses three*
12 *months to comply with the requirements of this section.*

13 (d)

14 (e) “County” includes a charter county and a charter city and
15 county.

16 (e)

17 (f) This section shall apply to applications for initial business
18 licenses and business license renewals submitted on and after
19 January 1, 2020.

20 SEC. 4. Section 13383.10 is added to the Water Code, to read:

21 13383.10. On or before April 1, 2020, the state board shall post
22 on its internet website, for the purpose of validation by the city
23 pursuant to Section 16000.3 of the Business and Professions Code
24 and a county pursuant to Section 16100.3 of the Business and
25 Professions Code, a list of all Standard Industrial Classification
26 codes applicable to a General Permit for ~~Storm Water~~ *Stormwater*
27 *Discharges Associated with Industrial Activities Excluding*
28 *Construction Activities*, as referenced in Section 13383.5, and
29 known as the Industrial General Permit. The state board shall
30 update that list on its internet website annually.

31 ~~SEC. 5. No reimbursement is required by this act pursuant to~~
32 ~~Section 6 of Article XIII B of the California Constitution because~~
33 ~~the only costs that may be incurred by a local agency or school~~
34 ~~district will be incurred because this act creates a new crime or~~
35 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
36 ~~for a crime or infraction, within the meaning of Section 17556 of~~
37 ~~the Government Code, or changes the definition of a crime within~~
38 ~~the meaning of Section 6 of Article XIII B of the California~~
39 ~~Constitution.~~

1 *SEC. 5. No reimbursement is required by this act pursuant to*
2 *Section 6 of Article XIII B of the California Constitution because*
3 *a local agency or school district has the authority to levy service*
4 *charges, fees, or assessments sufficient to pay for the program or*
5 *level of service mandated by this act or because costs that may be*
6 *incurred by a local agency or school district will be incurred*
7 *because this act creates a new crime or infraction, eliminates a*
8 *crime or infraction, or changes the penalty for a crime or*
9 *infraction, within the meaning of Section 17556 of the Government*
10 *Code, or changes the definition of a crime within the meaning of*
11 *Section 6 of Article XIII B of the California Constitution.*

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REPORT

DATE: May 14, 2019
TO: Water Policy/Technical Advisory Committee
FROM: Marisa Creter, Executive Director
RE: **LEGISLATIVE UPDATES**

RECOMMENDED ACTION

For information only.

BACKGROUND

Below are updates on legislation the Water Committee and Water TAC have taken positions on or are currently tracking:

AB 1093 (Rubio) - Municipal Separate Storm Sewer Systems: Financial Capability Analysis

- **Summary:** This bill would require the State Water Resources Control Board, by July 1, 2020, to establish financial capability assessment guidelines for municipal separate storm sewer system permittees that are adequate and consistent when considering the costs to local jurisdictions.
- **Status:** On April 24, AB 1093 was heard at the Assembly Appropriations Committee and was referred to the Suspense File, which is typical of any bill with an annual cost of more than \$150,000. Suspense File bills are considered at one hearing after the state budget has been prepared and the Appropriations Committee has a sense of available revenue. The Appropriations Committee will take the Suspense File up for votes on May 16.
- **SGVCOG Position:** Support (Sponsor).
- **Support:** Association of California Water Agencies, Los Angeles County Division, League of California Cities, Upper San Gabriel Municipal Water District
- **Opposition:** None recorded.

AB 755 (Holden) - California Tire Fee: Stormwater Permit Compliance Fund

- **Summary:** This bill would increase the California tire fee by \$1.50. The bill would deposit the additional moneys in the Stormwater Permit Compliance Fund, which would be established by the bill, and would make the moneys available to the State Water Resources Control Board Division of Financial Assistance. The bill would continuously appropriate moneys in the fund for competitive grants for projects and programs for municipal storm sewer system permit compliance requirements that would prevent or remediate zinc pollutants caused by tires in the state and for an annual audit of the fund.
- **Status:** On April 24, AB 755 was heard at the Assembly Appropriations Committee and was referred to the Suspense File. The Appropriations Committee will take the Suspense File up for votes on May 16.
- **SGVCOG Position:** Support (Sponsor).
- **Support:** LA County Division of the League of California Cities, Upper San Gabriel Municipal Water District, Sierra Club, Heal the Bay.

- **Opposition:** Auto Care Assoc., Automotive Service Councils of California, California Autobody Association, California Automotive Business Coalition, California Chamber of Commerce, California Tire Dealers Association, CAWA, Independent Automotive Professionals, Specialty Equipment Market Association, U.S. Tire Manufacturers Association.

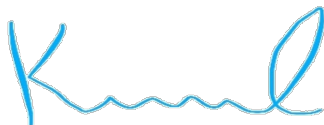
AB 1204 (Rubio) - Primary Drinking Water Standards: Implementation Date

- **Summary:** This bill would require the adoption or amendment of a primary drinking water standard for a contaminant in drinking water not regulated by a federal primary drinking water standard or that is more stringent than a federal primary drinking water standard to take effect 3 years after the date on which the state board adopts or amends the primary drinking water standard. The bill would authorize the state board to delay the effective date of the primary drinking water standard adoption or amendment by no more than 2 additional years as necessary for capital improvements to comply with a maximum contaminant level or treatment technique.
- **Status:** A second hearing of AB 1204 in the Assembly Environmental Safety and Toxic Materials Committee on April 9 was canceled at the request of the author due to concerns about the language in the bill and will likely become a two-year bill.
- **SGVCOG Position:** Support
- **Support:** Association of California Water Agencies (Sponsor)
- **Opposition:** Unknown

HR 1497: Water Quality Protection and Job Creation Act

- **Summary:** This bill authorizes approximately \$23.5 billion in direct infrastructure investment over the next five years to address wastewater infrastructure and local water quality challenges.
- **Status:** On March 6, HR 1497 was referred to the House Subcommittee on Water Resources and Environment.
- **SGVCOG Position:** Support
- **Support:** American Public Works Association, American Road & Transportation Builders Association, American Society of Civil Engineers, American Sustainable Business Council, Bipartisan Policy Center, California Association of Sanitation Agencies, Earthjustice, Environmental Law & Policy Center, League of Conservation Voters, National Association of Clean Water Agencies, National Association of Counties, National League of Cities, National Water Resources Association, Natural Resources Defense Council, Sanitation District of Los Angeles County, Sierra Club, U.S. Conference of Mayors
- **Opposition:** No known opposition.

Prepared by:



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Approved by:



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