



LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

AGENDA FOR

JANUARY 28, 2010

Marilyn Dailey – Chair
Ron Morrison – Vice Chair
Elsa Saxod – Vice Chair
Gary Arant
Keith Blackburn
Gary Croucher
Mitch Dion
John Johnson

Frank Hilliker
Jeremy Jungreis
Mark Muir
Yen Tu
Mark Watton
Howard Williams
Ken Williams

1. Roll call – determination of quorum.
2. Additions to agenda (Government Code Section 54954.2(b)).
3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.
4. Chair’s report.
 - 4-A Progress report on Legislation, Conservation and Outreach Committee’s Goals for 2009 and 2010.
 - 4-B Directors’ comments.

I. CONSENT CALENDAR

II. ACTION/DISCUSSION

1. Legislative Issues.
 - 1-A Report by Carpi and Clay. (pickup packet)
 - 1-B Adopt a position of Support on the Safe, Clean and Reliable Water Supply Act of 2010. Jeff Volberg
Staff recommendation: Adopt a position of Support on the Safe, Clean and Reliable Water Supply Act of 2010. (Action)

- 1-C Sponsor legislation that requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force. Jeff Volberg
Staff recommendation: Sponsor legislation that requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force. (Action)

- 1-D Adopt a position of Support on: Jeff Volberg
 1. The Water Transfer Facilitation Act of 2009 (S.1759 and H.R. 3750).
 2. The Hoover Power Allocation Act of 2009 (H.R. 4349 and S. 2891).
Staff recommendation: Adopt a position of Support on:
 1. The Water Transfer Facilitation Act of 2009 (S.1759 and H.R. 3750)
 2. The Hoover Power Allocation Act of 2009 (H.R. 4349 and S. 2891) (Action)

III. INFORMATION

- | | | |
|----|---------------------------------------|----------------|
| 1. | Water Conservation Garden report. | Jim Bowersox |
| 2. | Conservation Action Committee update. | Frank Hilliker |
| 3. | SCOOP quarterly report. | Emily Yanushka |
| 4. | Government relations update. | Jeff Volberg |

IV. ADJOURNMENT

Doria F. Lore
 Clerk of the Board

NOTE: This meeting is called as a Legislation, Conservation, and Outreach Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the exception desk during normal business hours.



January 20, 2010

Attention: Legislation, Conservation and Outreach Committee

Progress Report on Legislation, Conservation and Outreach Committee's Goals for 2009 and 2010.

Purpose

This report provides a progress report on the Legislation, Conservation and Outreach Committee's goals that were established by the Board in April 2009.

Background

The goals for the Legislation, Conservation and Outreach Committee relate to the following matters: legislation, lobbying, and intergovernmental relations; community relations; media relations; water conservation programs; and the Small Contractor Outreach and Opportunities Program (SCOOP). On April 23, 2009, the Board of Directors adopted a new set of goals for the Legislation, Conservation and Outreach Committee to accomplish in 2009 and 2010.

Discussion

The attached report lists the Legislation, Conservation and Outreach Committee's goals for 2009 and 2010 and provides an update on the activities taken to achieve the goals. The goals were prepared under the direction of the Legislation, Conservation and Outreach Committee Chair and Vice Chairs.

Prepared by: Jason Foster, Director of Public Affairs

Reviewed by: Marilyn Dailey, Chair, Legislation, Conservation and Outreach Committee

Attachment: Progress Report on Legislation, Conservation and Committee's Goals for 2009 and 2010

**Progress Report on Legislation, Conservation and Outreach Committee Goals
Calendar Years 2009 and 2010**

Strategic Plan Objectives

1. **Per Capita Water Consumption** – The average regional residential per capita water consumption will be reduced by 10% from the current 10-year regional average. (January 2015 – SP #2)

Activities: The committee discussed conservation program strategies for achieving long-term water savings goals at a special LCO Committee meeting in February 2009. Input from committee and Board members was used to help shape the conservation program as the Water Authority’s fiscal year 2010-2011 budget was developed.

The committee, in conjunction with the Water Planning committee, has monitored and will continue to monitor urban per capita water consumption. The region’s 10-year rolling average from 1997 through 2007 was 177 gallons per capita per day (gpcd). Urban water use has fallen from 185 gpcd in fiscal year 2007 to 178 gpcd in fiscal year 2008 to 164 gpcd in fiscal year 2009.

Note: SBX7-7, approved by the Legislature and Governor in November 2009, sets new conservation mandates to achieve by 2020. The committee reviewed SBX7-7 in December 2009 and in 2010 will review its impact on the Strategic Plan’s current conservation goals.

2. **Water Conservation Ethic** – 75% of the region’s residents can identify water conservation as one of their most important civic obligations. (January 2015 – SP #3)

Activities: The committee received and discussed a report on the Water Authority’s latest public opinion poll in April 2009. The survey found that 92 percent of respondents viewed using water efficiently as a civic responsibility.

3. **Biennial Water Policy** – Adopt and implement a biennial water policy agenda directed toward MWD, the state, the seven basin states, and various federal agencies. (June 2009 – SP #7)

Activities: In collaboration with the Imported Water Committee, the Water Authority’s 2009 Legislative Policy Guidelines were adopted, providing direction to staff and legislative advocates, in January 2009. The Board adopted the updated 2010 Legislative Policy Guidelines in December 2009.

4. **Issues Workshops** – Conduct a series of workshops for agency boards and other interested local officials to provide a comprehensive overview of the Water Authority issues and the region’s water supply. (January 2010 – SP #8)

Activities: In place of workshops, members of the LCO committee and Board of Directors participated in the Water Authority's speaker's bureau program throughout 2009, delivering presentations about water supply, water rates and other issues to business, civic and other organizations around the county. The speaker's bureau made more than 175 presentations in calendar year 2009.

5. **Policymaker Support** – At least 75% of the region's local government policy makers understand the importance of connecting development with good water policy, support the Water Authority's long-term direction, and endorse water conservation. (January 2010 – SP #9)

Activities: Committee members, Board members and Water Authority senior management made presentations to more than 75 percent of the region's local policymakers as part of the Water Authority's Speaker's Bureau program.

6. **Landscape Model Ordinance** – Approve a regional landscape model ordinance for local land use agencies to apply to new residential and commercial construction projects and major improvements to existing developments. (January 2009 – SP #10)

Activities: It was determined that Board approval was not needed for the ordinance. Instead, the committee supported the work of the Conservation Action Committee Ordinance Workgroup, which completed the regional model landscape ordinance in November 2009. The ordinance workgroup included representatives of local jurisdictions, member agencies and the landscape industry. The LCO Committee Chair will recognize the efforts of the ordinance workgroup at the January 2010 Board meeting.

7. **Landscape Model Ordinance** – Encourage local land use agencies to enforce the model outdoor water program. (January 2010 – SP #11)

Activities: The LCO Committee is encouraging local land use agencies to use the regional model ordinance as the basis for adopting their own local ordinances. Agency adoption of the ordinances will lead to enforcement.

8. **Public Affairs** – Create broad public support for and awareness of issues surrounding water, water resources, and water infrastructure. (January 2015 – SP #15)

Activities: The LCO Committee reviewed the Water Authority's suite of education programs in February 2009 and provided feedback to staff.

The committee approved extending the contract with Parallax Visual Communication for annual report design and printing services by one year and \$50,000 in May 2009.

Business Plan Goals

Water Conservation

1. **Model Landscape Ordinance** – At least 70 percent of the local land use planning jurisdictions within the Water Authority service area will adopt and enforce uniform outdoor water conservation standards. (December 2010 – BP #1)

Activities: The state Department of Water Resources was more than eight months late in the adoption of the State’s Water Efficient Landscape Ordinance. The state ordinance needed to be in place before local landscape ordinances, because local ordinances needed to meet or exceed the effectiveness of the state ordinance. The committee is now monitoring progress toward meeting the goal. Eight local jurisdictions adopted or had the first reading of their landscape ordinance by December 2009. Six more jurisdictions are expected to finalize their ordinances by March 2010. (*Note: The total number of local jurisdictions within the Water Authority’s service area is 16*).

Government Relations Outreach

1. **Bay-Delta** – In cooperation with MWD and other Southern California stakeholders, adopt a comprehensive legislative advocacy plan designed to obtain legislative and gubernatorial approval of interim (by 2011) and long-term (by 2018) Bay-Delta improvements. (July 2009 – BP #1)

Activities: Committee members and other Water Authority board members participated in the Water Authority’s efforts to work with MWD and other Southern California stakeholders to help shape a package of bills to provide a comprehensive solution to both long-term and near-term problems in the Delta. The package of bills was approved by the Legislature and Governor in November 2009.

In December 2009 the committee reviewed the final package of approved bills, including a water bond measure, which, if passed in the general election in November 2010, will provide financing to facilitate solutions in the Bay-Delta and other water projects statewide. The committee is scheduled to discuss recommending a formal position on the water bond to the full Board in January 2010.

2. **Policymaker Support** – Ensure that at least 75 percent of the region’s local government policy makers understand the importance of connecting development with good water policy, support the Water Authority’s long-term direction, and endorse water conservation. (January 2010 – BP #3)

Activities: Committee members, Board members and Water Authority senior management made presentations to more than 75 percent of the region’s local policymakers as part of the Water Authority’s Speaker’s Bureau program.

3. **Agency Relations** – Provide a comprehensive overview of Water Authority issues and the region’s water supply to agency boards and other interested local officials. (January 2010 – BP #4)

Activities: With input from the committee and the Board, the Water Authority formally commented on issues as they arose to the Department of Water Resources, State Water Resources Control Board, Department of Public Health, and local officials.

4. **Legislative Briefings** – Provide at least one briefing for each San Diego County, state, and federal legislator on the Water Authority CIP projects, regarding efforts to ensure water supply reliability, and the need to diversify the region’s water supply portfolio. (Annually – BP #5)

Activities: Committee and other Water Authority board members, the General Manager’s office, government relations staff, and legislative advocates provided numerous briefings to local, state, and federal legislators on the Water Authority’s efforts to ensure its water supply, including briefings on the CIP projects.

Committee and other Water Authority board members also participated in Legislative Roundtables with Congressman Duncan D. Hunter in May 2009 and with Assemblymember Marty Block and Assemblymember Nathan Fletcher in June 2009.

5. **Public/Regulatory Briefings** – Provide at least one briefing for key public officials and regulatory agencies to aid in the advancement of Water Authority projects, water policy initiatives, and regulatory requirements. (Annually – BP #6)

Activities: Committee members, Board members and Water Authority senior management completed these briefings as part of the Water Authority’s Speaker’s Bureau program.

Public Affairs Outreach

1. **Drought Management Outreach** – Approve advertising/marketing campaigns and/or other outreach activities that support drought management policies and objectives and promote water use actions and behavioral changes that reduce regional consumption to achieve 56,000 acre-feet (or a number indicated in the Drought Management Plan) of additional annual conservation. (September 2012 – BP #3)

Activities: The committee reviewed drought management outreach activities reports and provided input to staff on drought management communications throughout 2009.

At a special committee meeting in October 2009, the committee reviewed plans for shifting communications away from the “20-Gallon Challenge” and related drought management themes in 2010 toward a longer-term, broader-based “Rethink Water” theme, and provided direction to proceed with that strategy.

2. **Conservation Outreach** – Support Water Resources conservation programs and policies with communications and community relations initiatives to reach a 3% reduction of overall per capita use by 2011 and result in a 67% public acceptance of water conservation as an important civic duty by 2012. (November 2012 – BP #4)
Note: Fiscal year 2007 (baseline) use was 185 gpcd; FY 2008 use was 177 gpcd; Business Plan target is 170 gpcd by 2012. Baseline public acceptance of conservation to be determined in 2009.

Activities: In March 2009, the committee approved authorizing the General Manager to enter into a professional services contract with Parallax Visual Communication not to exceed \$150,000 to redevelop the Water Authority's website and develop a new website to support implementation of the WaterSmart conservation brand. The committee received and discussed a report on the Water Authority's latest public opinion poll in April 2009.

In June 2009, committee members and other Water Authority Board members participated in the Water Authority's third Water Conservation Summit. The summit focused on providing crucial information to the community about upcoming water use restrictions and best practices for residential, commercial and industrial water use efficiency that could help the region meet its water shortage allocation for fiscal year 2010.

3. **Small-Business Outreach** – Adopt a small-business participation percentage target based on total procurement dollars. (June 2009 – BP #7) *Note: FY 2008-2009 target is 11%, and actual participation stands at above 20%; FY 2010-2011 target to be determined.*

Activities: Through the Small Contractor Outreach and Opportunity Program (SCOOP) committee, the Water Authority adopted a small-business participation target of 20% for FY 2010-2011 in June 2009. Because of the unique characteristics of the San Vicente Dam Raise Package 3 contract, that contract's small-business participation will be reported separately.

4. **Polling** – Use findings of regular public opinion polling to recommend changes to conservation programs and outreach programs to help achieve Strategic Plan and Business Plan goals. (January 2010 – BP #1, #4, #5)

Activities: The committee received and discussed a report on the Water Authority's latest public opinion poll in April 2009. The committee directed staff to consider its findings in the development of future conservation programs and messages, and requested staff to continue polling at regular intervals.

Other Goals

1. **Conservation Programming** – Support the creation or expansion of existing water conservation programs that have the highest cost/benefit ratio and the greatest total yield. (June 2009)

Activities: In February 2009 the committee authorized the General Manager to approve a contract and an amendment with Katz & Associates for a total not to exceed \$250,000 for outreach, facilitation and logistical support of Water Conservation program efforts, including services related to the Water Conservation Regional Stakeholder Process and 2009 Water Conservation Summit.

In February 2009 the committee authorized the General Manager to approve a contract and an amendment with Civic Resources Group, LLC for the completion of Phase I of the WaterSmart Target software system and ongoing maintenance, for a total not-to-exceed amount of \$328,993.

In October 2009, the LCO Committee held a special meeting at the Reuben H. Fleet Science Center to discuss strategies for transitioning from drought response-oriented messaging and device-based incentive programs to messaging and program platforms that support long-term behavior changes. The committee directed staff to proceed with this strategy.

The committee approved in October 2009 the reallocation of \$250,000 in the Water Conservation program operating budget to the Water Conservation Garden to support the Garden's transition to a nonprofit organization by June 2011.

The committee in December 2009 authorized the General Manager to enter into an agreement with SDG&E to receive an amount not to exceed \$1,981,001 in funding for high-efficiency clothes washer incentives and energy audits.

2. **Sponsoring Legislation** – Adopt positions on and/or sponsor legislation that affect the Water Authority's interests and the attainment of the Water Authority's Strategic Plan and Business Plan goals.

Activities: During calendar year 2009 the committee approved adopting positions on 27 state and 5 federal bills.

In December 2009 the committee approved sponsoring legislation in 2010 that would advance the following issues:

1. Require homeowners' associations to permit the use of artificial turf if it meets certain design standards.
2. Ensure that state agencies use recycled water for landscaping purposes, if it is made available to them.

3. **Legislative Policy Program** – Adopt annual Legislative Policy Guidelines that describe the Board’s policies on legislation, to assist the Water Authority’s staff and legislative advocates in advocating for the Water Authority on legislation. (January 2009 – January 2010)

Activities: The committee approved the Water Authority’s 2009 Legislative Guidelines in January 2009.

In May 2009 the committee adopted policy principles for water user fee legislation and policy principles for water use efficiency legislation.

In June 2009 the committee adopted policy principles for stormwater management and recapture.

The committee approved updated Legislative Policy Guidelines for 2010 in December 2009.

4. **Legislative Alerts** – Develop a program to engage member agencies in legislative alert campaigns. (July 2009)

Activities: Following input from the committee, the Water Authority Government Relations team launched a Legislative Alert program in summer 2009 and used the program to update Board members and member agencies as the comprehensive package of water bills was developed and approved.



January 20, 2010

Attention: Legislation, Conservation and Outreach Committee

**Adopt a position of Support on the Safe, Clean and Reliable Water Supply Act of 2010.
(Action)**

Staff recommendation

Adopt a position of Support on the Safe, Clean and Reliable Water Supply Act of 2010.

Alternatives

Do not adopt the recommended position or adopt a modified position.

Fiscal Impact

None.

Background

On November 4, 2009, the Legislature passed the “Safe, Clean and Reliable Water Supply Act of 2010” as Senate Bill 2 in the seventh extraordinary session (SBX7-2). The water bond measure authorizes the issuance of \$11.14 billion in general obligation bonds. Governor Schwarzenegger signed the water bond measure into law on November 9. The water bond measure will appear on the November 2, 2010 ballot.

Staff presented a memo to the Legislation, Conservation and Outreach Committee at its meeting on December 17, 2009, detailing the provisions of the bond. Staff recommends the board adopt a position of Support on this measure.

Discussion

The need for a water bond

The passage of SBX7-2 was the result of a historic, bipartisan effort to accomplish the co-equal goals of improving water supply reliability and restoring the ecology of the Sacramento-San Joaquin River Delta. Passage of the bill involved negotiations among a wide variety of interests, many of which have been bitterly opposed to each other for many years. A general obligation bond requires a two-thirds vote of the Legislature, so the hurdle for passage was high. However, with the current natural and regulatory drought, shortages of supply in many parts of the state, and the collapse of certain fish populations in the Delta, the time was ripe for the various interests to come together and pass a water bond.

With the division among interests related to the Delta, there has not been a legislative water bond measure since Proposition 50 in 2002. Proposition 84, approved by the voters in 2006, was primarily a resources conservation bond, with water funding making up only half the total bond. Over the last five years, it has become increasingly clear that the current means of moving water through the Delta is inadequate. The crash in population of fish species, such as Delta smelt, have led to severe restrictions in export supplies, causing water shortages and major increases in water costs in the Central Valley and Southern California. Risk assessments have shown that the Delta faces a very high probability of a catastrophic disruption in water supplies due to the

collapse of levees from earthquakes or flooding. The need for an alternative form of conveyance is clear, if Southern California and the Central Valley are going to continue receiving a portion of their water supplies from the Delta. The alternative conveyance is also important to the recovery of listed species. Upstream surface storage reservoirs will provide seasonal freshwater flows.

The Governor created a Delta Vision process that studied the Delta in 2007 and 2008 and generated a series of recommendations to achieve the coequal goals of water supply reliability and environmental restoration. The Delta Vision called for a dual conveyance system, including a canal or tunnel and continued through-Delta conveyance. The Delta Vision also called for one or more upstream surface storage reservoirs to provide seasonal flows of fresh water. The Delta Vision recognized that regional self-sufficiency is part of a comprehensive statewide solution to water supply reliability and called for increases in alternative supplies such as water conservation and recycling.

Combined with the Delta Vision, the state is engaged in the Bay-Delta Conservation Plan (BDCP). This process will provide the regulatory permits necessary to build the necessary conveyance structure. The BDCP and its related environmental documentation are expected to be completed in 2011.

With these processes coming to a conclusion in the next couple of years, and with water shortages in Southern California and the Central Valley due to three dry years and regulatory restrictions for the protection of listed species, there is a need for financing to provide both water infrastructure and the environmental restoration that will be necessary to achieve the coequal goals.

Combined with a package of bills that provide a process for accomplishing the coequal goals, the water bond measure provides the state's share of funding for an alternative means of conveying water through and around the Delta and for one or more upstream water storage reservoirs that will help regulate fresh water flows through the Delta. The bond measure also provides funding for integrated regional water management, water conservation, water recycling, advanced treatment technology, desalination, and other means of diversifying regional supplies and improving regional self-sufficiency. There is funding for drought relief and for resources conservation and watershed protection.

The sense of urgency

Many observers of the political process in the past couple of years have pointed out that the state already has a high level of debt. They also say the state should wait until the Legislature can pass a bond that will pay directly for water infrastructure, without having to devote money to environmental restoration and non-water related concerns. With the state's current fiscal crises and chronic deficits, these observers say the state cannot afford to go forward with a bond measure at this time.

On the other hand, three dry years in a row and regulatory restrictions due to the collapse of listed fish populations have put real restrictions on water supply. The Metropolitan Water District has had to allocate the water it has and leave its member agencies with shortages in supply. In addition, these shortages have led to major increases in water rates.

Furthermore, the Delta Vision and the BDCP are coming to completion in the next couple of years. Completion of the alternative conveyance system and the related surface storage reservoirs will take a decade or more to complete. Delaying the bond until 2012 or later will only delay the process that much further and could cause serious economic harm to Southern California and the Central Valley. Delays will also result in continuing stress to the species that are losing populations.

Finally, California has a Governor who made passage of a comprehensive package of bills to resolve the Delta crisis a top Administration priority; legislative leaders, particularly Senate President Pro Tem Darrell Steinberg, also made progress on water a top priority. The Governor and the legislative leaders were willing to put aside their differences and take the political risk to gather the two-thirds vote to pass this bond measure. Whether another Governor or group of legislative leaders would make this a priority and have the political courage to get it passed is unknowable.

The size of the bond measure

In the process of negotiating the measure and obtaining the necessary two-thirds vote of the Legislature, the Governor and legislative leadership had to consider the needs of citizens from all parts of the state, not just those who receive their water from the Delta. The bond measure contains funding categories for every region of the state, as well as a considerable amount of funding for environmental protection and restoration projects throughout the state. The final amount of the bond was larger than originally intended, due to the need to accommodate a wide range of interests.

Opponents to the bond measure argue that to place such a large bond measure on the ballot in today's economic climate will only lead to failure of the bond measure. The state currently is carrying a high level of debt, which has an impact on its annual budget. However, to allow the current conditions in the Delta to continue while the economy improves will only lead to continued regulatory restrictions on the water supply for Southern California. This will result in continued shortages of water and drive up the cost of water to the region's ratepayers and water users. Water shortages also have negative effects on economic productivity, which reduces revenues to the state treasury. Although there will be a cost to improving water supply reliability from the Delta, the cost may still be less than that of alternative new supplies.

With respect to the debt load this bond measure will impose on the state, the bonds will be issued over a 10 to 15 year time period. Funding for the public benefits connected to the construction of surface storage cannot be allocated before the end of 2012. The entire \$11.14 billion will not be outstanding until much of the existing bond debt has been retired. Over the next few years, the

Legislature may have to prioritize the issuance of additional debt, but this bond measure will be already authorized when the Legislature deems it a priority to construct water infrastructure.

Diversification of water supply to provide regional self-sufficiency is increasingly critical as costs of supplies increase. This bond measure recognizes that improving regional self-sufficiency is a vital part of a comprehensive package to solve the state’s water supply reliability problems. The Water Authority has been a leader in diversifying its water supply and will compete to obtain funds within these categories.

Opponents also point to provisions in the bond that they consider to be unnecessary or unwise investments in non-water related resources conservation projects. Many of these provisions are included to secure the support of environmentalist groups that might otherwise oppose the bond. The provisions mainly relate to protection of watersheds or of listed species whose recovery will relieve restrictions on water supplies.

From a political standpoint, there was a lot of give and take between various interests that have been deeply divided for many years. Nobody received everything they wanted, but nobody would receive anything if the interests were to remain divided and did not pass a bond.

A poll by the Public Policy Institute of California (PPIC) in December showed that 79 percent agreed that passage of a water bond is somewhat important or very important.

Benefits to the San Diego region

The following table shows the funding in each chapter that is directly allocated to the San Diego region, is available for competitive grants statewide, provides indirect benefits to the San Diego region, and is allocated to other regions.

Chapter	Total	Direct	Available / Competitive	Indirect	Other Regions
5	\$455 million	\$100 million	\$162 million		\$193 million
6	\$1.4 billion	\$87 million	\$390 million		\$923 million
7	\$2.25 billion			\$2.25 billion	
8	\$3 billion			\$3 billion	
9	\$1.785 billion	\$40 million	\$410 million	\$210 million	\$1.15 billion
10	\$1 billion		\$1 billion		
11	\$1.25 billion		\$1.25 billion		
Total	\$11.14 billion	\$227 million	\$3.212 billion	\$5.46 billion	\$2.241 billion

Board policies and principles on water bonds

The Water Authority board has adopted Priorities and Principles for a Water Bond, which are incorporated into the Legislative Policy Guidelines. The attached table shows how SBX7-2 does or does not comply with the Water Authority’s water bond policies (Attachment 1).

While the bond measure does not meet every policy guideline adopted by the Water Authority's board, on balance it provides the San Diego region with significant benefits in terms of water supply reliability. It provides direct funding to the San Diego region and lays the foundation for a Delta fix that should significantly improve the region's water supply reliability.

Staff recommends a position of Support on the Safe, Clean and Reliable Water Supply Act of 2010.

Prepared by: Jeffrey A. Volberg, Government Relations Manager

Approved by: Dennis Cushman, Assistant General Manager

Attachment: 1. Board policies and principles on water bonds
2. Safe, Clean and Reliable Water Supply Act of 2010

Board policies and principles on water bonds

The Water Authority board has adopted Priorities and Principles for a Water Bond, which are incorporated into the Legislative Policy Guidelines. The following table shows how SBX7-2 does or does not comply with the Water Authority's water bond policies.

	Board Policy	Does SBX7-2 comply?	Explanation
1	Provides an equitable share of funding to San Diego County, with major funding categories being divided by county and funded on a per-capita basis to ensure bond proceeds are distributed throughout the state in proportion to taxpayers' payments on the bonds.	Yes	In Chapter 6, SBX7-2 divides funding categories by funding subregions. The San Diego subregion is allocated \$87 million out of a total \$1.05 billion for IRWM, which reflects the subregion's 8.5 percent of the state's population.
2	Focuses on statewide priorities, including restoration of fish and wildlife habitat, construction of an improved method of conveyance of water through or around the Delta that provides water supply reliability to Delta water users, promotion of greater regional and local self-sufficiency, surface storage, and promotion of water use efficiency.	Yes	SBX7-2 provides much of its funding to Delta Sustainability and to Water Supply Reliability. The bond measure does not provide funding for construction of an improved method of conveyance in the Delta, but does fund ecosystem improvements that must be funded as part of the coequal goals.
3	Provides the states' share of funding for Bay-Delta conveyance projects.	Yes	Under agreements with SWP and CVP contractors and recently enacted legislation, the state will pay for the public benefits derived from construction of the Delta conveyance facilities and implementation of the BDCP. The bond measure provides \$2.25 billion for this purpose.
4	Provides funding for water infrastructure that resolves conflicts in the state's water system and provides long-term benefits to water supply, water supply reliability, water quality and ecosystem restoration.	Yes	The bond not only provides funding for the state's share of a Delta fix and for the state's share of surface storage upstream of the Delta, but it provides funding for local and regional conveyance and alternative water supplies, such as water use efficiency, desalination, and water recycling.
5	Defines the "San Diego sub-region" and "San Diego county watersheds" as "those portions of the westward-flowing watershed of the South	Partially	The bond excludes southern Orange County from the San Diego subregion, but it continues to include a portion of Riverside County.

	Coast hydrologic region situated within the boundaries of San Diego County.”		
6	Includes within IRWM funding money that a region may use over time to develop and refine its plan and to develop institutional structures necessary to establish and implement the plan.	T.B.D.	The bond measure does not specify that a region may use bond funding for these purposes, nor does it prohibit that use. This issue may be addressed in DWR guidelines for approving IRWM funding.
7	Gives primary consideration to funding priorities established by local and regional entities through their IRWM planning process.	N/A	The bond measure does not specify that DWR must give primary consideration to funding priorities established by local and regional entities through their IRWM planning process. However, the primary function of an IRWM plan is to establish local and regional priorities.
8	Ensures the application process for funding is not unnecessarily burdensome and costly, with an emphasis on streamlining the process.	T.B.D.	The bond measure does not specify that DWR must establish an application process for funding that is not unnecessarily burdensome and costly, or streamline the process. This is an issue that must be addressed in DWR’s guidelines process. The measure limits overhead to no more than five percent.
9	Limits state overhead to no more than 5 percent of bond funding amounts.	Yes	The general provisions of the bond measure specify that no more than five percent of the funds may be used to pay for administration of the grant process.
10	Places as much emphasis and provides at least as much funding for surface storage as for groundwater storage.	Yes	Chapter 8 provides \$3 billion for surface and/or groundwater storage. Chapter 10 provides \$ 1billion for groundwater cleanup and source protection. Chapter 5 provides \$100 million for the San Vicente dam raise. Overall, the allocation of funds to surface and groundwater storage is roughly equitable.
11	Funds emergency and carryover storage projects such as the San Vicente dam raise project.	Yes	The bond measure allocates \$100 million for the San Vicente dam raise projects in San Diego County.
12	Consolidates administration of all voter-approved water-related bond funding in one place, preserves existing expertise within the state bureaucracy to manage bond	No	The bond measure allocates bond funding among a number of state agencies, although the majority of the funding flows through DWR. The bond measure does not specifically

	funding processes, and provides consistent application and evaluation of bond funding applications.		address the other concerns in this policy.
13	Provides funding that results in net increases in real water supply and water supply reliability.	Yes	This bond measure provides funding for Delta improvements that should result in increased water supply reliability. It also provides funding for surface storage projects that will provide additional water supplies. And, the bond measure provides funding for diversified water supplies such as water conservation, recycling, and desalination.

Senate Bill No. 2

CHAPTER 3

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

[Approved by Governor November 9, 2009. Filed with
Secretary of State November 9, 2009.]

LEGISLATIVE COUNSEL'S DIGEST

SB 2, Cogdill. Safe, Clean, and Reliable Drinking Water Supply Act of 2010.

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

This bill would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2010, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program.

The bill would provide for the submission of the bond act to the voters at the November 2, 2010, statewide general election.

(2) This bill would take effect only if SB 1 of the 2009–10 7th Extraordinary Session is enacted and becomes effective.

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

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

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

**DIVISION 26.7. THE SAFE, CLEAN, AND RELIABLE DRINKING
WATER SUPPLY ACT OF 2010**

CHAPTER 1. SHORT TITLE

79700. This division shall be known, and may be cited, as the Safe, Clean, and Reliable Drinking Water Supply Act of 2010.

CHAPTER 2. FINDINGS AND DECLARATIONS

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

- (a) Safeguarding supplies of clean, safe drinking water to California's homes, businesses, and farms is an essential responsibility of government, and critical to protecting the quality of life for Californians.
- (b) Every Californian should have access to clean, safe, and reliable drinking water.
- (c) Providing adequate supplies of clean, safe, and reliable drinking water is vital to keeping California's economy growing and strong.
- (d) Encouraging water conservation and recycling are commonsense methods to make more efficient use of existing water supplies.
- (e) Protecting lakes, rivers, and streams from pollution, cleaning up polluted groundwater supplies, and protecting water sources that supply the entire state are crucial to providing a reliable supply of drinking water and protecting the state's natural resources.

CHAPTER 3. DEFINITIONS

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

- (a) "Bay Delta Conservation Plan" means the final plan prepared pursuant to the planning agreement regarding the Bay Delta Conservation Plan, dated October 6, 2006.
- (b) "Bay-Delta Estuary" means the Delta, Suisun Bay, and Suisun Marsh.
- (c) "CALFED Bay-Delta Program" means the program described in the Record of Decision dated August 28, 2000.
- (d) "Commission" means the California Water Commission.
- (e) "Committee" means the Safe, Clean, and Reliable Drinking Water Supply Finance Committee created by Section 79812.
- (f) "Delta" means the Sacramento-San Joaquin Delta, as defined in Section 12220.
- (g) "Delta conveyance facilities" means facilities that convey water directly from the Sacramento River to the State Water Project or the federal Central Valley Project pumping facilities in the south Delta.
- (h) "Delta counties" means the Counties of Solano, Yolo, Sacramento, Contra Costa, and San Joaquin.
- (i) "Delta Plan" has the meaning set forth in Section 85059.
- (j) "Department" means the Department of Water Resources.
- (k) "Director" means the Director of Water Resources.
- (l) "Disadvantaged community" has the meaning set forth in subdivision (a) of Section 79505.5.
- (m) "Economically distressed area" means a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with an annual median household

income that is less than 85 percent of the statewide median household income, and with one or more of the following conditions as determined by the department:

- (1) Financial hardship.
- (2) Unemployment rate at least 2 percent higher than the statewide average.
- (3) Low population density.
- (n) “Fund” means the Safe, Clean, and Reliable Drinking Water Supply Fund of 2010 created by Section 79716.
- (o) “Integrated regional water management plan” has the meaning set forth in Section 10534.
- (p) “Nonprofit organization” means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code.
- (q) “Public agency” means a state agency or department, district, joint powers authority, city, county, city and county, or other political subdivision of the state.
- (r) “Secretary” means the Secretary of the Natural Resources Agency.
- (s) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

CHAPTER 4. GENERAL PROVISIONS

79705. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

79706. Up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for “preliminary plans,” “working drawings,” and “construction” as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring shall be integrated into the surface water ambient monitoring program administered by the State Water Resources Control Board.

79707. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 8 (commencing with Section 79740).

79708. (a) Prior to disbursing grants pursuant to this division, each state agency that is required to administer a competitive grant program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines may include a limitation on the dollar amount of grants to be awarded.

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

79709. It is the intent of the people that the investment of public funds pursuant to this division will result in public benefits.

79710. The State Auditor shall annually conduct a programmatic review and an audit of expenditures from the fund. The State Auditor shall report its findings annually on or before March 1 to the Governor and the Legislature, and shall make the findings available to the public.

79711. Funds provided by this division shall not be expended to support or pay for the costs of environmental mitigation measures or compliance obligations of any party except as part of the environmental mitigation costs of projects financed by this division or for costs for groundwater cleanup pursuant to the requirements of Chapter 10 (commencing with Section 79770). Funds provided by this division may be used for environmental enhancements or other public benefits.

79712. Funds provided by this division shall not be expended to pay the costs of the design, construction, operation, or maintenance of Delta conveyance facilities. Those costs shall be the responsibility of the water agencies that benefit from the design, construction, operation, or maintenance of those facilities.

79713. (a) This division does not diminish, impair, or otherwise affect in any manner whatsoever any area of origin, watershed of origin, county of origin, or any other water rights protections, including, but not limited to, rights to water appropriated prior to December 19, 1914, provided under the law. This division does not limit or otherwise affect the application of Article 1.7 (commencing with Section 1215) of Chapter 1 of Part 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and 11463, and Sections 12200 to 12220, inclusive.

(b) For the purposes of this division, an area that utilizes water that has been diverted and conveyed from the Sacramento River hydrologic region, for use outside the Sacramento River hydrologic region or the Delta, shall not be deemed to be immediately adjacent thereto or capable of being conveniently supplied with water therefrom by virtue or on account of the diversion and conveyance of that water through facilities that may be constructed for that purpose after January 1, 2010.

(c) Nothing in this division supersedes, limits, or otherwise modifies the applicability of Chapter 10 (commencing with Section 1700) of Part 2 of Division 2, including petitions related to any new conveyance constructed or operated in accordance with Chapter 2 (commencing with Section 85320) of Part 4 of Division 35.

(d) Unless otherwise expressly provided, nothing in this division supersedes, reduces, or otherwise affects existing legal protections, both procedural and substantive, relating to the state board's regulation of diversion and use of water, including, but not limited to, water right priorities, the protection provided to municipal interests by Sections 106 and 106.5, and changes in water rights. Nothing in this division expands or otherwise alters the state board's existing authority to regulate the diversion and use of water or the courts' existing concurrent jurisdiction over California water rights.

79714. Eligible applicants under this division are public agencies, nonprofit organizations, public utilities, and mutual water companies. To be eligible for funding under this division, a project proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system.

79715. The Legislature may enact legislation necessary to implement programs funded by this division, except as otherwise provided in Section 79749.5.

79716. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the Safe, Clean, and Reliable Drinking Water Supply Fund of 2010, which is hereby created in the State Treasury.

CHAPTER 5. DROUGHT RELIEF

79720. The sum of four hundred fifty-five million dollars (\$455,000,000) shall be available, upon appropriation by the Legislature from the fund, for the purposes of this chapter.

79720.1. (a) From the funds described in Section 79720, one hundred ninety million dollars (\$190,000,000) shall be available, upon appropriation by the Legislature from the fund, for the planning, design, and construction of local and regional drought relief projects that reduce the impacts of drought conditions, including, but not limited to, the impacts of reductions in Delta diversions. Eligible projects include all of the following:

- (1) Water conservation and efficiency projects, including installation of the most water efficient fixtures commercially available.
- (2) Water recycling and related infrastructure.
- (3) Groundwater cleanup.
- (4) Local and regional conveyance projects that improve water supplies and public benefits associated with conveyance facilities.
- (5) Other local and regional water supply reliability projects.
- (6) Local and regional surface water storage projects that provide emergency water supplies and water supply reliability in drought conditions.

(b) Projects funded pursuant to this section shall meet both of the following requirements:

- (1) The project will provide a sustainable water supply that does not contribute to groundwater overdraft or increase surface water diversions.

(2) The project is capable of being operational within two years of receiving the grant.

(c) Preference shall be given to applicants that can demonstrate substantial past and current investments in conservation and local water projects.

(d) Not more than 10 percent of the funds provided pursuant to this section shall be available for planning, investigations, studies, and monitoring.

(e) The department shall require a cost share of not less than 50 percent of total project costs from nonstate sources. The department may waive or reduce the cost-sharing requirement for projects that directly benefit disadvantaged communities or economically distressed areas.

(f) From the funds described in this section, the sum of one hundred million dollars (\$100,000,000) shall be made available for local and regional water projects, including surface storage projects, that provide emergency water supplies and water supply reliability in drought conditions in San Diego County.

79720.2. From the funds described in Section 79720, the sum of ninety million dollars (\$90,000,000) shall be available, upon appropriation by the Legislature from the fund, for grants to disadvantaged communities and economically distressed areas experiencing economic impacts from drought for drought relief projects and programs.

79720.3. From the funds described in Section 79720, the sum of seventy-five million dollars (\$75,000,000) shall be available, upon appropriation by the Legislature from the fund, to the State Water Resources Control Board for grants for small community wastewater treatment projects, to protect water quality, that meet all of the following criteria:

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

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

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

79720.4. (a) From the funds described in Section 79720, eighty million dollars (\$80,000,000) shall be available for deposit into the Safe Drinking Water State Revolving Fund created pursuant to Section 116760.30 of the Health and Safety Code.

(b) From the funds described in this section, up to eight million dollars (\$8,000,000) shall be made available for grants for projects within the City of Maywood that design and implement water supply infrastructure upgrades that provide for safe drinking water.

79720.6. From the funds described in Section 79720, the sum of twenty million dollars (\$20,000,000) shall be available for water quality and public health projects on the New River.

CHAPTER 6. WATER SUPPLY RELIABILITY

79721. The sum of one billion fifty million dollars (\$1,050,000,000) shall be available, upon appropriation by the Legislature, from the fund to the department for competitive grants and expenditures in accordance with Section 79722.

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

(b) An urban water supplier that does not prepare, adopt, and submit its urban water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6) is ineligible to receive funds made available pursuant to Section 79721 until the urban water management plan is prepared and submitted in accordance with the requirements of that act.

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

(d) Eligible projects are those included in adopted integrated regional water management plans consistent with Part 2.2 (commencing with Section 10530) of Division 6, including, but not limited to, local and regional surface water storage projects.

(e) The funding provided in Section 79721 shall be allocated to each hydrologic region as identified in the California Water Plan in accordance with this subdivision. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County (designated as the San Diego subregion), the Santa Ana River watershed and southern Orange County (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. For purposes of this subdivision, the Sacramento River hydrologic region does not include the Delta. For purposes of this subdivision, the Mountain Counties Overlay is not eligible for funds from the Sacramento River hydrologic region or the San Joaquin River hydrologic region. The department may recognize multiple integrated regional water management plans in each of the areas allocated funding. Funds made available by this chapter shall be allocated as follows:

- (1) North Coast: \$45,000,000.
- (2) San Francisco Bay: \$132,000,000.
- (3) Central Coast: \$58,000,000.
- (4) Los Angeles subregion: \$198,000,000.
- (5) Santa Ana subregion: \$128,000,000.
- (6) San Diego subregion: \$87,000,000.

- (7) Sacramento River: \$76,000,000.
- (8) San Joaquin River: \$64,000,000.
- (9) Tulare/Kern: \$70,000,000.
- (10) North/South Lahontan: \$51,000,000.
- (11) Colorado River Basin: \$47,000,000.
- (12) Mountain Counties Overlay: \$44,000,000.
- (13) Interregional: \$50,000,000.

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

- (1) Investing in new water technology development and deployment.
- (2) Meeting state water recycling and water conservation goals.
- (3) Adapting to climate change impacts.
- (4) Reducing contributions to climate change.
- (5) Other projects to improve statewide water management systems.
- (6) Other projects and activities designed to meet the needs of disadvantaged communities or economically distressed areas including technical and grant writing assistance.

(g) Ten million dollars of the interregional funds shall be available for a grant to the University of California, Sierra Nevada Research Institute of the University of California, for the development and deployment of measurement infrastructure and related information technology to identify and analyze water supply impacts of climate change on the Sierra Nevada snow pack and runoff.

79722.5. Of the funds provided in Section 79721, not less than 10 percent shall be allocated to disadvantaged communities.

79723. (a) The sum of three hundred fifty million dollars (\$350,000,000) shall be available, upon appropriation by the Legislature, from the fund to the department for grants and expenditures for the planning, design, and construction of local and regional conveyance projects that support regional and interregional connectivity and water management. Projects shall be consistent with an adopted integrated regional water management plan and shall provide one or more of the following benefits:

- (1) Improvements in regional or interregional water supply and water supply reliability.
- (2) Mitigation of conditions of groundwater overdraft, saline water intrusion, water quality degradation, or subsidence.
- (3) Adaptation to the impacts of hydrologic changes.
- (4) Improved water security from drought, natural disasters, or other events that could interrupt imported water supplies.
- (5) Providing safe drinking water for disadvantaged communities and economically distressed areas.

(b) Not more than 10 percent of the funds provided by this section shall be available for planning, investigations, studies, and monitoring.

(c) The department shall require a cost share of not less than 50 percent of total project costs from nonstate sources. The department may waive or

reduce the cost share requirement for projects that directly benefit disadvantaged communities or economically distressed areas.

CHAPTER 7. DELTA SUSTAINABILITY

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

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

79731. The sum of two billion two hundred fifty million dollars (\$2,250,000,000) shall be available, upon appropriation from the fund, for grants and direct expenditures, as follows:

(a) (1) Seven hundred fifty million dollars (\$750,000,000) for projects, including grants to Delta counties and cities within the Delta, that provide public benefits and support Delta sustainability options, including projects and supporting scientific studies and assessments that do any of the following:

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

(B) Assist in preserving economically viable and sustainable agriculture and other economic activities in the Delta.

(C) Improve the quality of drinking water derived from the Delta.

(D) Improve levee and flood control facilities and other vital infrastructure necessary to protect Delta communities affected by the implementation of this chapter.

(E) Provide physical improvements or other actions to create waterflow and water quality conditions within the Delta to provide adequate habitat for native fish and wildlife.

(F) Facilitate other projects that provide public benefits and support Delta sustainability options approved by the Legislature, including costs associated

with planning, monitoring, and design of alternatives, and project modifications and adaptations necessary to achieve the goals of this chapter.

(G) Mitigate other impacts of water conveyance and ecosystem restoration.

(H) Provide or improve water quality facilities and other infrastructure.

(2) Of the funds provided in this subdivision, not less than fifty million dollars (\$50,000,000) shall be available for matching grants for improvements to wastewater treatment facilities upstream of the Delta to improve Delta water quality.

(3) Of the funds provided in this subdivision, up to two hundred fifty million dollars (\$250,000,000) may be expended in the Delta to provide assistance to local governments and the local agricultural economy due to loss of productive agricultural lands for habitat and ecosystem restoration within the Delta.

(b) One billion five hundred million dollars (\$1,500,000,000) for projects to protect and enhance the sustainability of the Delta ecosystem, including any of the following:

(1) Projects for the development and implementation of the Bay Delta Conservation Plan, consistent with Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code. The projects shall be implemented through a cooperative effort among regulatory agencies, regulated and potentially regulated entities, and affected parties, including state and federal water contractors. These funds may be expended for the preparation of environmental documentation and environmental compliance.

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

(3) Projects to reduce greenhouse gas emissions from exposed Delta soils.

(4) Projects that reduce impacts of mercury contamination of the Delta and its watersheds, and remediation and elimination of continuing sources of mercury contamination.

(5) Scientific studies and assessments that support the projects authorized under this section.

(c) Funds provided by this chapter shall be available for appropriation to, among other entities, the Sacramento-San Joaquin Delta Conservancy for implementation consistent with the Delta Plan.

79732. (a) A project that receives funding pursuant to subdivision (a) of Section 79731 shall only be eligible for funding pursuant to other provisions of this division to the extent that the combined state funding pursuant to this division does not exceed 50 percent of the total project costs.

(b) The department shall determine what constitutes a project for the purposes of subdivision (a).

CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL IMPROVEMENT

79740. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

(b) Notwithstanding Section 13340 of the Government Code, the sum of three billion dollars (\$3,000,000,000) is hereby continuously appropriated from the fund, without regard to fiscal years, to the commission for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions, in accordance with this chapter. Funds authorized for, or made available to, the commission pursuant to this chapter shall be available and expended only for the purposes provided in this chapter, and shall not be subject to appropriation or transfer by the Legislature or the Governor for any other purpose.

(c) Projects shall be selected by the commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided, pursuant to criteria established under this chapter.

(d) Any project constructed with funds provided by this chapter shall be subject to Section 11590.

79741. Projects for which the public benefits are eligible for funding under this chapter consist of only the following:

(a) Surface storage projects identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000, except for projects prohibited by Chapter 1.4 (commencing with Section 5093.50) of Division 5 of the Public Resources Code.

(b) Groundwater storage projects and groundwater contamination prevention or remediation projects that provide water storage benefits.

(c) Conjunctive use and reservoir reoperation projects.

(d) Local and regional surface storage projects that improve the operation of water systems in the state and provide public benefits.

79742. A project shall not be funded pursuant to this chapter unless it provides measurable improvements to the Delta ecosystem or to the tributaries to the Delta.

79743. (a) Funds allocated pursuant to this chapter may be expended solely for the following public benefits associated with water storage projects:

(1) Ecosystem improvements, including changing the timing of water diversions, improvement in flow conditions, temperature, or other benefits that contribute to restoration of aquatic ecosystems and native fish and wildlife, including those ecosystems and fish and wildlife in the Delta.

(2) Water quality improvements in the Delta, or in other river systems, that provide significant public trust resources, or that clean up and restore groundwater resources.

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

(4) Emergency response, including, but not limited to, securing emergency water supplies and flows for dilution and salinity repulsion following a natural disaster or act of terrorism.

(5) Recreational purposes, including, but not limited to, those recreational pursuits generally associated with the outdoors.

(b) Funds shall not be expended pursuant to this chapter for the costs of environmental mitigation measures or compliance obligations except for those associated with providing the public benefits as described in Section 79743.

79744. In consultation with the Department of Fish and Game, the State Water Resources Control Board, and the department, the commission shall develop and adopt, by regulation, methods for quantification and management of public benefits described in Section 79743 by December 15, 2012. The regulations shall include the priorities and relative environmental value of ecosystem benefits as provided by the Department of Fish and Game and the priorities and relative environmental value of water quality benefits as provided by the State Water Resources Control Board.

79745. (a) Except as provided in subdivision (c), no funds allocated pursuant to this chapter may be allocated for a project before December 15, 2012, and until the commission approves the project based on the commission's determination that all of the following have occurred:

(1) The commission has adopted the regulations specified in Section 79744 and specifically quantified and made public the cost of the public benefits associated with the project.

(2) The department has entered into a contract with each party that will derive benefits, other than public benefits, as defined in Section 79743, from the project that ensures the party will pay its share of the total costs of the project. The benefits available to a party shall be consistent with that party's share of total project costs.

(3) The department has entered into a contract with each public agency identified in Section 79744 that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet all the requirements of this chapter, to ensure that the public contribution of funds pursuant to this chapter achieves the public benefits identified for the project.

(4) The commission has held a public hearing for the purposes of providing an opportunity for the public to review and comment on the information required to be prepared pursuant to this subdivision.

(5) All of the following additional conditions are met:

(A) Feasibility studies have been completed.

(B) The commission has found and determined that the project is feasible, is consistent with all applicable laws and regulations, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

(C) All environmental documentation associated with the project has been completed, and all other federal, state, and local approvals, certifications, and agreements required to be completed have been obtained.

(b) The commission shall submit to the Legislature its findings for each of the criteria identified in subdivision (a) for a project funded pursuant to this chapter.

(c) Notwithstanding subdivision (a), funds may be made available under this chapter for the completion of environmental documentation and permitting of a project.

79746. (a) The public benefit cost share of a project funded pursuant to this chapter, other than a project described in subdivision (c) of Section 79741, may not exceed 50 percent of the total costs of any project funded under this chapter.

(b) No project may be funded unless it provides ecosystem improvements as described in paragraph (1) of subdivision (a) of Section 79743 that are at least 50 percent of total public benefits of the project funded under this chapter.

79747. (a) A project is not eligible for funding under this chapter unless, by January 1, 2018, all of the following conditions are met:

(1) All feasibility studies are complete and draft environmental documentation is available for public review.

(2) The commission makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

(3) The director receives commitments for not less than 75 percent of the nonpublic benefit cost share of the project.

(b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) shall be extended by the commission for a time period that is equal to the time period of the delay, and funding under this chapter that has been dedicated to the project shall be encumbered until the time at which the litigation is completed or the regulations have been promulgated.

79748. Surface storage projects funded pursuant to this chapter and described in subdivision (a) of Section 79741 may be made a unit of the Central Valley Project as provided in Section 11290 and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

79749. (a) The funds allocated for the design, acquisition, and construction of surface storage projects identified in the CALFED Bay-Delta Record of Decision, dated August 28, 2000, pursuant to this chapter may be provided for those purposes to local joint powers authorities formed by irrigation districts and other local water districts and local governments

within the applicable hydrologic region to design, acquire, and construct those projects.

(b) The joint powers authorities described in subdivision (a) may include in their membership governmental and nongovernmental partners that are not located within their respective hydrologic regions in financing the surface storage projects, including, as appropriate, cost share participation or equity participation. The department shall be an ex-officio member of each joint powers authority subject to this section, but the department shall not control the governance, management, or operation of the surface water storage projects.

(c) A joint powers authority subject to this section shall own, govern, manage, and operate a surface water storage project, subject to the requirement that the ownership, governance, management, and operation of the surface water storage project shall advance the purposes set forth in this chapter.

79749.5. (a) In approving the Safe, Clean, and Reliable Drinking Water Supply Act of 2010, the people were informed and hereby declare that the provisions of this chapter are necessary, integral, and essential to meeting the single object or work of the Safe, Clean, and Reliable Drinking Water Supply Act of 2010. As such, any amendment of the provisions of this chapter by the Legislature without voter approval would frustrate the scheme and design that induced voter approval of this act. The people therefore find and declare that any amendment of the provisions of this chapter by the Legislature shall require a vote of two-thirds of the membership in each house of the Legislature and voter approval.

(b) This section shall not govern or be used as authority for determining whether the amendment of any other provision of this act not contained in this chapter would constitute a substantial change in the scheme and design of this act requiring voter approval.

CHAPTER 9. CONSERVATION AND WATERSHED PROTECTION

79750. The sum of one billion seven hundred eighty-five million dollars (\$1,785,000,000) shall be available, upon appropriation by the Legislature from the fund, in accordance with this chapter, for expenditures and grants for ecosystem and watershed protection and restoration projects, including, but not limited to, all of the following watersheds:

- (a) The San Joaquin River watershed.
- (b) The Kern River and Tulare Basin watersheds.
- (c) The Salton Sea and Colorado River watersheds.
- (d) The Los Angeles River watershed.
- (e) The San Gabriel River watershed.
- (f) The Santa Ana River watershed.
- (g) The Klamath River watershed, including the Trinity, Scott, and Shasta Rivers and watersheds.
- (h) The North Coast watersheds.

- (i) The San Francisco Bay watersheds.
- (j) The Central Coast watersheds.
- (k) The South Coast watersheds.
- (l) The Lake Tahoe Basin watershed.
- (m) The Sacramento River watershed, including the Yolo Bypass.
- (n) The San Diego County coastal watersheds.
- (o) The Ventura River watershed.
- (p) The Sierra Nevada Mountain watersheds.
- (q) The Mojave River watershed.
- (r) The Owens River watershed.
- (s) The Santa Monica Bay watershed.
- (t) The watersheds of Marin County.
- (u) The watersheds of Orange County.

79751. Funds provided under this chapter may be appropriated to the Natural Resources Agency, the Department of Fish and Game, the Wildlife Conservation Board, the California Conservation Corps, the Department of Conservation, the Department of Parks and Recreation, the Department of Forestry and Fire Protection, or to state conservancies for expenditures and grants consistent with this chapter and other applicable laws.

79752. (a) Funds provided for the Sacramento River and San Joaquin River watersheds under Section 79750 shall be available for projects consistent with the ecosystem restoration program element of the California Bay-Delta Program, or its successor, or the San Joaquin River Parkway Master Plan.

(b) Funds provided for Salton Sea watershed projects under Section 79750 shall be appropriated to the Natural Resources Agency and shall be available for Salton Sea restoration activities identified for “Period I” in the Natural Resources Agency report entitled “Salton Sea Ecosystem Restoration Program Preferred Alternative Report and Funding Plan,” dated May 2007.

(c) Funds provided for the Lake Tahoe Basin watershed under Section 79750 shall be available for projects consistent with the Lake Tahoe Environmental Improvement Program.

(d) Funds provided for the Los Angeles River and San Gabriel River watersheds under Section 79750 shall be available pursuant to Section 79508, and for projects identified in the Los Angeles River Revitalization Master Plan.

79754. For restoration and ecosystem protection projects under this chapter, the services of the California Conservation Corps or community conservation corps shall be used whenever feasible.

79755. (a) Of the funds provided in Section 79750, not less than two hundred fifty million dollars (\$250,000,000) shall be available to the State Coastal Conservancy for projects within coastal counties and coastal watersheds. Of this amount, not less than forty million dollars (\$40,000,000) shall be available for grants in San Diego County, including not less than twenty million dollars (\$20,000,000) in grants to the San Diego River Conservancy, not less than forty million dollars (\$40,000,000) shall be available for the Santa Ana River Parkway, and not less than twenty million

dollars (\$20,000,000) shall be available for grants for protection and restoration of the Bolsa Chica wetlands and adjacent uplands and for associated visitor and interpretive natural history or archeological facilities.

(b) Of the funds provided in Section 79750, not less than one hundred million dollars (\$100,000,000) shall be available to the Wildlife Conservation Board for direct expenditures or grants for the acquisition of water rights from willing sellers and the conveyance of water for the benefit of migratory birds on wildlife refuges and wildlife habitat areas subject to Section 3406(d) of the federal Central Valley Project Improvement Act (Public Law 102-575), if the acquisition of water rights by the Wildlife Conservation Board is consistent with that federal act. All costs associated with the acquisition of water rights by the Wildlife Conservation Board for the purposes set forth under this section shall be paid out of the funds designated for the Wildlife Conservation Board.

(c) Of the funds provided in Section 79750, not less than two hundred fifteen million dollars (\$215,000,000) shall be available to the Wildlife Conservation Board for direct expenditures or grants for the protection or restoration of watershed lands or rivers and streams that support species listed as threatened or endangered under state or federal law, consistent with the requirements of programs identified in Division 2 (commencing with Section 700) of the Fish and Game Code, and requirements to implement or develop a natural community conservation plan pursuant to Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code. Of the funds provided in this section, the sum of twenty-five million dollars (\$25,000,000) shall be available to the San Joaquin River Conservancy for river parkway projects. Of the funds provided in this subdivision, not less than twenty million dollars (\$20,000,000) shall be available for watershed protection projects that reduce the fragmentation of habitats by promoting the linkage of existing public lands in Ventura County. In order to ensure programmatic consistency with ongoing state conservancy programs, any project financed pursuant to this paragraph within the jurisdiction of any conservancy, shall be upon application of, and by grant to, that respective conservancy. The conservancy may apply on behalf of a local agency, and in that case, the board may make the grant award directly to that local agency.

(d) Of the funds provided in Section 79750, seventy-five million dollars (\$75,000,000) shall be available to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy for the purposes described in subdivision (d) of Section 79752.

(e) Of the funds provided in Section 79750, seventy-five million dollars (\$75,000,000) shall be available to the Santa Monica Mountains Conservancy for implementation of watershed protection activities throughout the watershed of the upper Los Angeles River.

(f) Of the funds provided in Section 79750, twenty million dollars (\$20,000,000) shall be available to the Baldwin Hills Conservancy.

(g) Of the funds provided in Section 79750, twenty-five million dollars (\$25,000,000) shall be available for Santa Monica Bay watershed projects

pursuant to Division 23 (commencing with Section 33000) of the Public Resources Code.

(h) Of the funds provided in Section 79750, fifty million dollars (\$50,000,000) shall be available to the State Coastal Conservancy for coastal salmonid restoration projects.

(i) Of the funds provided in Section 79750, one hundred million dollars (\$100,000,000) shall be available to the Lake Tahoe Conservancy for the Lake Tahoe Environmental Improvement Program as described in subdivision (c) of Section 79752.

(j) Of the funds provided in Section 79750, twenty million dollars (\$20,000,000) shall be available to the Department of Conservation for the California Farmland Conservancy Program Act (Division 10.2 (commencing with Section 10200) of the Public Resources Code). Up to five million dollars (\$5,000,000) may be used for the Department of Conservation Watershed Coordinator Grant Program.

(k) Of the funds provided in Section 79750, fifty million dollars (\$50,000,000) shall be available to the secretary for projects in accordance with the California River Parkways Act of 2004 (Chapter 3.8 (commencing with Section 5750) of Division 5 of the Public Resources Code). Up to twenty million dollars (\$20,000,000) may be transferred to the department for the Urban Streams Restoration Program pursuant to Section 7048 of the Water Code.

(l) Of the funds provided in Section 79750, not less than seventy-five million dollars (\$75,000,000) shall be available to the Sierra Nevada Conservancy for grants, loans, direct expenditures, and other purposes and projects consistent with the mission and laws governing the conservancy, including, but not limited to, physical projects, projects for the provision of public access, educational and interpretive activities, projects to improve community sustainability and institutional infrastructure, planning, including collaborative public processes, monitoring, and research activities.

(m) Of the funds provided in Section 79750, one hundred million dollars (\$100,000,000) shall be available for Salton Sea restoration pursuant to subdivision (b) of Section 79752.

(n) Of the funds provided in Section 79750, ten million dollars (\$10,000,000) shall be available to the Natural Resources Agency for planning for natural resources and watershed protections to address climate change impacts and adaptation.

(o) Of the funds provided in Section 79750, thirty million dollars (\$30,000,000) shall be available to the Department of Parks and Recreation for grants for watershed education facilities. Of this amount, twenty million dollars (\$20,000,000) shall be available for capital improvements to watershed education centers that serve an urban area with a population of over one million.

(p) Of the funds provided in Section 79750, ten million dollars (\$10,000,000) shall be deposited in the California Waterfowl Habitat Preservation Account for the purposes of implementing the California Waterfowl Habitat Program described in Article 7 (commencing with Section

3460) of Chapter 2 of Part 1 of Division 4 of the Fish and Game Code, the California Landowner Incentive Program, and the Permanent Wetland Easement Program.

79756. (a) One hundred million dollars (\$100,000,000) of the funds provided pursuant to Section 79750 shall be allocated to the Department of Forestry and Fire Protection for direct expenditures or grants for fuel treatment and forest restoration projects to protect watersheds tributary to dams or reservoirs from the adverse impacts of fire and erosion, to promote forest health in those watersheds, to protect life and property, to provide for climate change adaptation, and reduce total wildfire costs and losses. Funds shall be available in accordance with the following requirements:

(1) Sixty-seven million dollars (\$67,000,000) shall be available to the Department of Forestry and Fire Protection to provide technical assistance for project development and implementation and to fund grants to public agencies and nonprofit organizations for the purpose of fuel treatment projects that will reduce wildfire risks, protect watersheds tributary to water storage facilities, and promote watershed health.

(2) Twenty-five million dollars (\$25,000,000) shall be available to the Department of Forestry and Fire Protection to provide technical assistance for project development and implementation, and for grants and loans for fuel treatment and reforestation projects to eligible landowners as defined in subdivision (b) of Section 4793 of the Public Resources Code and consistent with the provisions of the California Forest Improvement Act of 1978.

(3) The sum of eight million dollars (\$8,000,000) shall be available to do all of the following:

(A) Reimburse incremental costs to the Department of Forestry and Fire Protection resulting from implementation of fuel reduction projects consistent with the provisions of the Vegetation Management Program established under Article 2 (commencing with Section 4475) of Chapter 7 of Part 2 of Division 4 of the Public Resources Code. These projects shall include three or more pilot projects to utilize the fuels removed for energy production or other wood product uses.

(B) Reimburse costs of conservation camp crews used to conduct fuel reduction activities, and costs to the Department of Forestry and Fire Protection for conducting prefire management projects consistent with the 1996 California Fire Plan or its successor plan.

(b) Funding criteria and projects shall demonstrate the linkage between the project and the protection of watershed health, protection of watershed storage capacity, maintenance or enhancement of forest health, protection of life and property, and greenhouse gas reduction.

79757. Of the funds provided in Section 79750, not more than two hundred fifty million dollars (\$250,000,000) shall be available for dam removal and related measures in the Klamath River watershed if the secretary finds that all of the following conditions have been met:

(a) The State of California, the State of Oregon, the United States, and PacifiCorp have executed a dam removal agreement.

(b) The State of California, the State of Oregon, and the United States have made the determinations required under the agreement to effect dam removal.

(c) Ratepayer funds required by the agreement have been authorized and will be timely provided.

(d) All other conditions required in the agreement have been met.

79758. Of the funds provided in Section 79750, not less than twenty million dollars (\$20,000,000) shall be allocated to Siskiyou County for the purpose of economic development as defined in Section 13997.2 of the Government Code.

79759. Of the funds provided in Section 79750, the sum of fifty million dollars (\$50,000,000) shall be available, upon appropriation by the Legislature from the fund, to the California State University for the purposes of funding agricultural water supply, water use, efficiency, water quality, and related research and education efforts in accordance with the California State University Water Resources and Policy Initiatives.

79759.5. Of the funds provided in Section 79750, the sum of fifty million dollars (\$50,000,000) shall be available to the State Coastal Conservancy for projects that meet the requirements of the California Ocean Protection Act (Division 26.5 (commencing with Section 35500) of the Public Resources Code).

79760. Of the funds provided in Section 79750, sixty million dollars (\$60,000,000) shall be available to the Natural Resources Agency for projects authorized under Section 3406 (b) (10) of the Central Valley Project Improvement Act that improve salmonid fish passage in the Sacramento River watershed.

79760.5. Of the funds provided in Section 79750, fifty million dollars (\$50,000,000) shall be available, upon appropriation by the Legislature from the fund, to the Wildlife Conservation Board to capitalize an advanced public infrastructure revolving fund mitigation program, to be established by statute, designed to improve the environmental effectiveness and efficiency of infrastructure mitigation. These funds shall not be used to subsidize or decrease the mitigation obligations of any party.

79761. For the purposes of this chapter, the terms “restoration” and “protection” have the meanings set forth in Section 75005 of the Public Resources Code.

CHAPTER 10. GROUNDWATER PROTECTION AND WATER QUALITY

79770. (a) The sum of one billion dollars (\$1,000,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures, grants, and loans for projects to prevent or reduce the contamination of groundwater that serves as a source of drinking water. Projects shall be consistent with an adopted integrated regional water management plan. Funds appropriated pursuant to this section shall be available to the State Department of Public Health for projects necessary

to protect public health by preventing or reducing the contamination of groundwater that serves as a major source of drinking water for a community.

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

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

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

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

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

(c) The State Department of Public Health shall give additional consideration to projects that meet any of the following criteria:

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

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

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

(4) The project addresses contamination at a site where the responsible parties have not been identified, or where the responsible parties are unwilling or unable to pay for cleanup.

(d) Of the amount made available by this section, not less than one hundred million dollars (\$100,000,000) shall be available for projects that meet the requirements of this section and both of the following criteria:

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

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

(e) Of the amount made available by this section, one hundred million dollars (\$100,000,000) shall be available to the State Department of Public Health for grants and direct expenditures to finance emergency and urgent actions in accordance with this section on behalf of disadvantaged communities and economically distressed areas to ensure that safe drinking water supplies are available to all Californians.

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

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

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

CHAPTER 11. WATER RECYCLING PROGRAM

79780. The sum of one billion dollars (\$1,000,000,000) shall be available, upon appropriation by the Legislature from the fund, for grants and loans for water recycling and advanced treatment technology projects, including all of the following:

- (a) Water recycling projects.
- (b) Contaminant and salt removal projects, including groundwater and seawater desalination.
- (c) Dedicated distribution infrastructure for recycled water, including commercial and industrial end-user retrofit projects to allow use of recycled water.
- (d) Pilot projects for new salt and contaminant removal technology.
- (e) Groundwater recharge infrastructure related to recycled water.
- (f) Technical assistance and grant writing assistance for disadvantaged communities.

79781. Of the funds made available in Section 79780, not less than fifty million dollars (\$50,000,000) shall be available for projects that are designed to help restore lost water supply reliability in areas with widespread groundwater contamination in locations that contain sites that are listed by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code or a site listed on the National Priorities List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) and for which federal funds have been allocated pursuant to Public Law 106-554.

79782. For projects funded pursuant to the funds made available pursuant to Section 79780, at least a 50-percent local cost share shall be required. That cost share may be suspended or reduced for disadvantaged communities and economically distressed areas.

79783. Projects funded pursuant to the funds made available pursuant to Section 79780 shall be selected on a competitive basis, considering all of the following criteria:

- (a) Water supply reliability improvement.
- (b) Water quality and ecosystem benefits related to decreased reliance on diversions from the Delta or instream flows.
- (c) Public health benefits from improved drinking water quality.
- (d) Cost effectiveness.
- (e) Energy efficiency and greenhouse gas emission impacts.

79784. (a) (1) The sum of two hundred fifty million dollars (\$250,000,000) shall be available, upon appropriation by the Legislature from the fund, for direct expenditures, grants, and loans for water conservation and water use efficiency plans, projects, and programs, including any of the following:

(A) Urban water conservation plans, projects, and programs, including regional projects and programs, implemented to achieve urban water use targets pursuant to Chapter 3 (commencing with Section 10608.16) of Part

2.55 of Division 6. Priority for funding shall be given to programs that do the following:

(i) Assist water suppliers and regions to implement conservation programs and measures that are not locally cost-effective.

(ii) Support water supplier and regional efforts to implement programs targeted to enhance water use efficiency for commercial, industrial, and institutional water users.

(iii) Assist water suppliers and regions with programs and measures targeted toward realizing the conservation benefits of implementation of the provisions of the state landscape model ordinance.

(B) Agricultural water use efficiency projects and programs pursuant to Part 2.8 (commencing with Section 10800) of Division 6.

(C) Agricultural water management plans developed pursuant to Part 2.8 (commencing with Section 10800) of Division 6.

(2) The department shall award grants or loans under this chapter in a competitive process that considers, as primary factors, the local and statewide conservation and water use efficiency benefits of the measures proposed for grants.

(b) Section 1011 applies to all conservation measures that an agricultural water supplier or an urban water supplier implements with funding under this chapter. This subdivision does not limit the application of Section 1011 to any other measures or projects implemented by a water supplier.

CHAPTER 12. FISCAL PROVISIONS

79810. (a) Bonds in the total amount of eleven billion one hundred forty million dollars (\$11,140,000,000), not including the amount of any refunding bonds issued in accordance with Section 79822, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute valid and binding obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.

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

79811. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law, and all of the provisions of that law apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division, except Section 16727 of the Government Code shall

not apply to the extent that it is inconsistent with any other provision of this division.

79812. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the Safe, Clean, and Reliable Drinking Water Finance Committee is hereby created. For purposes of this division, the Safe, Clean, and Reliable Drinking Water Finance Committee is “the committee” as that term is used in the State General Obligation Bond Law.

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

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

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

79813. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

79814. “Board,” as defined in Section 16722 of the Government Code for the purposes of compliance with the State General Obligation Bond Law, means the department.

79815. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

79816. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this division, an amount that will equal the total of the following:

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

(b) The sum that is necessary to carry out the provisions of Section 79819, appropriated without regard to fiscal years.

79817. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account in accordance with Section 16312 of the Government Code for the purpose of carrying out this division. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this division. The board shall execute those documents required by the Pooled Money Investment Board to obtain

and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated in accordance with this division.

79818. Notwithstanding any other provision of this division, or of the State General Obligation Bond Law, if the Treasurer sells bonds that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and for the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

79819. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this division. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, with interest at the rate earned by the money in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

79820. All money deposited in the fund that is derived from premiums and accrued interest on bonds sold pursuant to this division shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

79821. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond proceeds. These costs shall be shared proportionately by each program funded through this division.

79822. The bonds issued and sold pursuant to this division may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the electors of the state for the issuance of the bonds under this division shall include approval of the issuance of any bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

79823. The proceeds from the sale of bonds authorized by this division are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

79824. Of the eleven billion one hundred forty million dollars (\$11,140,000,000) in bonds authorized in this division, no more than five billion five hundred seventy million dollars (\$5,570,000,000) shall be sold by the Treasurer before July 1, 2015.

SEC. 2. Section 1 of this act shall be submitted to the voters at the November 2, 2010, statewide general election in accordance with provisions of the Government Code and the Elections Code governing the submission of a statewide measure to the voters.

SEC. 3. (a) Section 1 of this act shall take effect only upon the approval by the voters of the Safe, Clean, and Reliable Drinking Water Supply Act of 2010, as set forth in that section at the November 2, 2010, statewide general election.

(b) (1) Notwithstanding Section 9051 of the Elections Code or any other provision of law, the Attorney General shall provide and return to the Secretary of State a ballot title and summary in 10-point type for all state ballot pamphlets of the November 2, 2010, statewide general election that contains the following title and summary for Senate Bill 2, adopted by the Legislature at the 2009–10 Seventh Extraordinary Session:

“SAFE, CLEAN, AND RELIABLE DRINKING WATER SUPPLY ACT OF 2010” and in the same square under those words:

“To protect water quality and ensure safe, clean drinking water; meet the water supply needs of California residents, farms, businesses, expand water conservation and recycling; restore fish and wildlife habitat; reduce polluted runoff that contaminates rivers, streams, beaches, and bays; and protect the safety of water supplies threatened by earthquakes and other natural disasters; the State of California shall issue bonds totaling eleven billion one hundred forty million dollars (\$11,140,000,000) paid from existing state funds subject to independent, annual audits, and citizen oversight.”

(2) The language in paragraph (1) shall be the only language included in the title and summary for Senate Bill 2, adopted by the Legislature at the 2009–10 Seventh Extraordinary Session, and the Attorney General shall not supplement, subtract from, or revise that language.

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

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

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

SEC. 4. This act shall take effect only if Senate Bill 1 of the 2009–10 Seventh Extraordinary Session is enacted and becomes effective.

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

In order to fund a safe, clean, and reliable water supply at the earliest possible date, it is necessary that this act take effect immediately.

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January 20, 2010

Attention: Legislation, Conservation and Outreach Committee

Sponsor legislation that requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force. (Action)

Staff recommendation

Sponsor legislation that requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force.

Alternative

Do not sponsor the proposed legislation.

Fiscal Impact

None through this action.

Background

At its December 2009 board meeting, the board approved sponsorship of two bills by the Water Authority for the 2010 legislative session. Staff proposes the sponsorship of an additional bill that addresses recycling.

Discussion

Water Authority staff has identified the following additional concept for sponsored legislation in 2010.

Requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force. In 2002, the Legislature formed a Recycled Water Task Force. The Task Force consisted of recycled water experts, the public, and state agency staff. The Task Force completed its work in 2003 and issued a series of recommendations to address obstacles, impediments, and opportunities related to meeting the state's recycled water goals.

Under a separate legislative mandate, the Department of Water Resources proposed revisions to the plumbing code in 2009. The revisions were approved by the Building Standards Commission. These plumbing code revisions reference Title 22 of the California Code of Regulations, which relates to recycled water standards. However, Title 22 has not been updated to be consistent with the recommendations of the Task Force, so the plumbing code revisions refer to outdated standards. The purpose of this proposed bill is to require the Department of Public Health to update Title 22 to be consistent with the recommendations of the Recycled Water Task Force for ongoing cross-connection testing of dual plumbed systems.

Staff recommends that the board sponsor a bill that requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force.

Prepared by: Jeffrey A. Volberg, Government Relations Manager

Approved by: Dennis Cushman, Assistant General Manager

Attachments: Draft bill that requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force.

Bill proposal that requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force

Add Section 13521.5 to the Water Code:

13520. As used in this article "recycling criteria" are the levels of constituents of recycled water, and means for assurance of reliability under the design concept which will result in recycled water safe from the standpoint of public health, for the uses to be made.

13521. The State Department of Health Services shall establish uniform statewide recycling criteria for each varying type of use of recycled water where the use involves the protection of public health.

13521.5 By January 1, 2011, the Department of Public Health shall update the statewide recycling criteria to be consistent with the recommendations of the Recycled Water Task Force for ongoing testing and inspection of dual plumbed systems.



January 20, 2010

Attention: Legislation, Conservation and Outreach Committee

Adopt a position of Support on:

- 1. The Water Transfer Facilitation Act of 2009 (S.1759 and H.R. 3750)**
- 2. The Hoover Power Allocation Act of 2009 (H.R. 4349 and S. 2891). (Action)**

Staff recommendation

Adopt a position of Support on:

1. The Water Transfer Facilitation Act of 2009 (S.1759 and H.R. 3750)
2. The Hoover Power Allocation Act of 2009 (H.R. 4349 and S. 2891)

Alternatives

Do not adopt the recommended position or adopt a modified position.

Fiscal Impact

No direct fiscal impact. The Hoover Power Allocation Act of 2009 may help protect the Metropolitan Water District of Southern California – and by extension, the Water Authority – from even higher power costs on the Colorado River Aqueduct.

Background

Senator Dianne Feinstein (D-California) has introduced a bill in the Senate that will facilitate water transfers among Central Valley Project water users. Senator Barbara Boxer (D-California) is a cosponsor of this bill.

Congresswoman Grace Napolitano (D-Santa Fe Springs) has introduced a bill to extend contracts for the use of electrical power generated at Hoover Dam. Electrical power from Hoover Dam was first allocated by Congress in the Boulder Canyon Project Act of 1928. The generators at Hoover Dam have a capacity of 2080 megawatts of power. Of this power, the Metropolitan Water District is the largest consumer, receiving approximately 29 percent of the allocated power.

Discussion

The Water Transfer Facilitation Act of 2009

This bill by Senators Dianne Feinstein and Barbara Boxer provides for transfers of Central Valley Project water among CVP contractors and exchange contractors. It provides increased flexibility for movement of water through the CVP system, which may relieve conditions in the Delta. Although the bill does not currently provide any direct benefit to the Water Authority or to the Metropolitan Water District, it may have indirect benefits for transfers to MWD or the Water Authority.

The bill number in the Senate is S. 1759. An identical companion bill in the House of Representatives is H.R. 3750 by Representative Jim Costa (D-Fresno).

Staff recommends a position of Support on S. 1759 and H.R. 3750.

The Hoover Power Allocation Act of 2009

H.R. 4349 by Representative Grace Napolitano (D-Santa Fe Springs) provides for the continued allocation of power from the Hoover Dam power plant to existing users and to some new users after the current contracts expire in 2017. Electrical power from Hoover Dam is a vital power resource for more than 29 million people in California, Arizona, and Nevada. Metropolitan Water District is a major contractor for Hoover power, which it uses to move water from the Colorado River to the coastal plain of Southern California. Since 1928, Hoover power contractors have invested \$1.3 billion to construct, upgrade, operate, maintain, and replace Hoover Dam power equipment. The contractors will invest another \$600 million between 2010 and 2017 when the current contracts expire.

This bill provides for continued contracts starting in 2017 and continuing for a period of 50 years. Hoover power is a low-cost, clean, and renewable source of power. The bill allocates five percent of the existing allocations to various federally recognized Indian tribes and other eligible entities. On the whole, the bill provides long-term certainty of power supply for MWD and other water suppliers that depend on Hoover power to ensure efficient and reliable Colorado River water deliveries.

The bill number in the House of Representatives is H.R. 4349. An identical companion bill in the Senate is S. 2891 by Senator Harry Reid (D-Nevada).

Staff recommends a position of Support on H.R. 4349 and S. 2891.

Prepared by: Jeffrey A. Volberg, Government Relations Manager

Approved by: Dennis Cushman, Assistant General Manager

Attachments: 1. S. 1759
2. H.R. 4349

111TH CONGRESS
1ST SESSION

S. 1759

To authorize certain transfers of water in the Central Valley Project, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 7, 2009

Mrs. FEINSTEIN (for herself and Mrs. BOXER) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To authorize certain transfers of water in the Central Valley Project, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Water Transfer Facili-
5 tation Act of 2009”.

6 **SEC. 2. AUTHORIZATION OF IRRIGATION WATER TRANS-**
7 **FERS, CENTRAL VALLEY PROJECT.**

8 (a) IN GENERAL.—Subject to subsection (b), the fol-
9 lowing voluntary water transfers shall be considered to
10 meet the conditions described in subparagraphs (A) and

1 (I) of section 3405(a)(1) of the Reclamation Projects Au-
 2 thorization and Adjustment Act of 1992 (Public Law 102-
 3 575; 106 Stat. 4709):

4 (1) A transfer of irrigation water among Cen-
 5 tral Valley Project contractors from the Friant, San
 6 Felipe, West San Joaquin, and Delta divisions.

7 (2) A transfer of water among current or prior
 8 temporary or long-term water service, repayment,
 9 water rights settlement, or exchange contractors
 10 within a division of the Central Valley Project.

11 (b) **CONDITION.**—A transfer under subsection (a)
 12 shall be subject to the condition that the transfer not
 13 interfere with—

14 (1) the San Joaquin River Restoration Settle-
 15 ment Act (Public Law 111-11; 123 Stat. 1349), in-
 16 cluding the priorities described in section
 17 10004(a)(4)(B) of that Act (123 Stat. 1350) relat-
 18 ing to implementation of paragraph 16 of the Settle-
 19 ment (as defined in section 10003 of that Act (123
 20 Stat. 1349)); and

21 (2) the Settlement.

22 **SEC. 3. FACILITATION OF WATER TRANSFERS, CENTRAL**
 23 **VALLEY PROJECT.**

24 (a) **IN GENERAL.**—As soon as practicable after the
 25 date of enactment of this Act, the Secretary of the Inte-

rior, acting through the Director of the United States Fish and Wildlife Service and the Commissioner of the Bureau of Reclamation (referred to in this section as the “Secretary”), using such sums as are necessary, shall initiate and complete, on the most expedited basis practicable, the programmatic development of environmental documentation to facilitate voluntary water transfers within the Central Valley Project.

(b) INCLUSIONS.—The environmental documentation under subsection (a) shall include all applicable environmental reviews, permitting, and consultations, including the environmental documentation needed to address concerns with respect to the Giant Garter Snake (*Thamnophis gigas*).

SEC. 4. REPORT ON CENTRAL VALLEY PROJECT WATER TRANSFERS.

(a) IN GENERAL.—Not later than January 10, 2010, the Commissioner of the Bureau of Reclamation (referred to in this section as the “Commissioner”) shall submit to the appropriate committees of Congress a report that—

(1) describes the status of efforts to help facilitate and improve the water transfers under this Act; and

(2) provides recommendations on ways to facilitate, and improve the process for—

1 (A) water transfers within the Central Val-
2 ley Project; and

3 (B) water transfers between the Central
4 Valley Project and State water projects.

5 (b) UPDATES.—Not later than July 15, 2010, and
6 every 180 days thereafter until the Commissioner deter-
7 mines that no further Federal action is warranted or au-
8 thorized with respect to the water transfers under this
9 Act, the Commissioner shall update the report submitted
10 under subsection (a).

11 **SEC. 5. TECHNICAL CORRECTIONS.**

12 Section 3405(a)(1) of the Central Valley Project Im-
13 provement Act (Public Law 102–575; 106 Stat. 4710) is
14 amended—

15 (1) in the first sentence, by striking “transfers
16 to” and inserting “transfers of”; and

17 (2) in subparagraph (A), by striking “to com-
18 bination” and inserting “or combination”.

○

111TH CONGRESS
1ST SESSION

H. R. 4349

To further allocate and expand the availability of hydroelectric power generated at Hoover Dam, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 2009

Mrs. NAPOLITANO (for herself, Mr. BACA, Mr. BECERRA, Ms. BERKLEY, Mr. BERMAN, Mr. BILBRAY, Mrs. BONO MACK, Mr. CALVERT, Mr. CAMPBELL, Mrs. CAPPS, Ms. CHU, Mr. COSTA, Mrs. DAVIS of California, Mr. DREIER, Mr. FRANKS of Arizona, Mr. GALLEGLY, Mr. GARAMENDI, Mr. GRIJALVA, Ms. HARMAN, Mr. HELLER, Mr. HONDA, Mr. HUNTER, Mr. ISSA, Ms. LEE of California, Mr. LEWIS of California, Ms. MATSUI, Mr. MCCARTHY of California, Mr. MCKEON, Mr. GARY G. MILLER of California, Mr. GEORGE MILLER of California, Ms. RICHARDSON, Ms. ROYBAL-ALLARD, Mr. ROYCE, Ms. LINDA T. SÁNCHEZ of California, Ms. LORETTA SANCHEZ of California, Mr. SHADEGG, Mr. SHERMAN, Mr. SCHIFF, Ms. TITUS, Ms. WATERS, Ms. WATSON, Mr. WAXMAN, Ms. WOOLSEY, and Mr. FLAKE) introduced the following bill; which was referred to the Committee on Natural Resources

A BILL

To further allocate and expand the availability of hydroelectric power generated at Hoover Dam, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Hoover Power Alloca-
3 tion Act of 2009”.

4 **SEC. 2. ALLOCATION OF CONTRACTS FOR POWER.**

5 (a) SCHEDULE A POWER.—Section 105(a)(1)(A) of
6 the Hoover Power Plant Act of 1984 (43 U.S.C.
7 619a(a)(1)(A)) is amended—

8 (1) by striking “renewal”;

9 (2) by striking “June 1, 1987” and inserting
10 “October 1, 2017”; and

11 (3) by striking Schedule A and inserting the
12 following:

“Schedule A

Long-term Schedule A contingent capacity and associated firm energy for offers of contracts to
Boulder Canyon project contractors

Contractor	Contingent capacity (kW)	Firm energy (thousands of kWh)		
		Summer	Winter	Total
Metropolitan Water District of Southern California	249,948	859,163	368,212	1,227,375
City of Los Angeles Southern California Edison Company ..	495,732	464,108	199,175	663,283
City of Glendale	280,245	166,712	71,448	238,160
City of Pasadena	18,178	45,028	19,297	64,325
City of Burbank	11,108	38,622	16,553	55,175
Arizona Power Authority	5,176	14,070	6,030	20,100
Colorado River Commission of Nevada	190,869	429,582	184,107	613,689
United States, for Boulder City	190,869	429,582	184,107	613,689
	20,198	53,200	22,800	76,000
Totals	1,462,323	2,500,067	1,071,729	3,571,796”.

1 (b) SCHEDULE B POWER.—Section 105(a)(1)(B) of
 2 the Hoover Power Plant Act of 1984 (43 U.S.C.
 3 619a(a)(1)(B)) is amended to read as follows:

4 “(B) To each existing contractor for power generated
 5 at Hoover Dam, a contract, for delivery commencing Octo-
 6 ber 1, 2017, of the amount of contingent capacity and
 7 firm energy specified for that contractor in the following
 8 table:

“Schedule B

Long-term Schedule B contingent capacity and associated firm energy for offers of contracts to
 Boulder Canyon project contractors

Contractor	Contingent capacity (kW)	Firm energy (thousands of kWh)		
		Summer	Winter	Total
City of Glendale	2,020	2,749	1,194	3,943
City of Pasadena	9,089	2,399	1,041	3,440
City of Burbank	15,149	3,604	1,566	5,170
City of Anaheim	40,396	34,442	14,958	49,400
City of Azusa	4,039	3,312	1,438	4,750
City of Banning	2,020	1,324	576	1,900
City of Colton	3,030	2,650	1,150	3,800
City of Riverside	30,296	25,831	11,219	37,050
City of Vernon	22,218	18,546	8,054	26,600
Arizona	189,860	140,600	60,800	201,400
Nevada	189,860	273,600	117,800	391,400
Totals	507,977	509,057	219,796	728,853”.

9 (c) SCHEDULE C POWER.—Section 105(a)(1)(C) of
 10 the Hoover Power Plant Act of 1984 (43 U.S.C.
 11 619a(a)(1)(C)) is amended—

12 (1) by striking “June 1, 1987” and inserting
 13 “October 1, 2017”; and

14 (2) by striking Schedule C and inserting the
 15 following:

“Schedule C
Excess Energy

Priority of entitlement to excess energy	State
First: Meeting Arizona’s first priority right to delivery of excess energy which is equal in each year of operation to 200 million kilowatthours: Provided, That in the event excess energy in the amount of 200 million kilowatthours is not generated during any year of operation, Arizona shall accumulate a first right to delivery of excess energy subsequently generated in an amount not to exceed 600 million kilowatthours, inclusive of the current year’s 200 million kilowatthours. Said first right of delivery shall accrue at a rate of 200 million kilowatthours per year for each year excess energy in an amount of 200 million kilowatthours is not generated, less amounts of excess energy delivered.	Arizona
Second: Meeting Hoover Dam contractual obligations under Schedule A of subsection (a)(1)(A), under Schedule B of subsection (a)(1)(B), and under Schedule D of subsection (a)(2), not exceeding 26 million kilowatthours in each year of operation.	Arizona, Nevada, and California
Third: Meeting the energy requirements of the three States, such available excess energy to be divided equally among the States.	Arizona, Nevada, and California”.

1 (d) SCHEDULE D POWER.—Section 105(a) of the
2 Hoover Power Plant Act of 1984 (43 U.S.C. 619a(a)) is
3 amended—

4 (1) by redesignating paragraphs (2), (3), and
5 (4) as paragraphs (3), (4), and (5), respectively; and

6 (2) by inserting after paragraph (1) the fol-
7 lowing:

8 “(2)(A) The Secretary of Energy is authorized to and
9 shall create from the apportioned allocation of contingent
10 capacity and firm energy adjusted from the amounts au-

1 thorized in this Act in 1984 to the amounts shown in
 2 Schedule A and Schedule B, as modified by the Hoover
 3 Power Allocation Act of 2009, a resource pool equal to
 4 5 percent of the full rated capacity of 2,074,000 kilowatts,
 5 and associated firm energy, as shown in Schedule D (re-
 6 ferred to in this section as ‘Schedule D contingent capac-
 7 ity and firm energy’):

“Schedule D

Long-term Schedule D resource pool of contingent capacity and associated firm energy for new allottees

State	Contingent capacity (kW)	Firm energy (thousands of kWh)		
		Summer	Winter	Total
New Entities Allocated by the Secretary of Energy	69,170	105,637	45,376	151,013
New Entities Allocated by State				
Arizona	11,510	17,580	7,533	25,113
California	11,510	17,580	7,533	25,113
Nevada	11,510	17,580	7,533	25,113
Totals	103,700	158,377	67,975	226,352

8 “(B) The Secretary of Energy shall offer Schedule
 9 D contingency capacity and firm energy to entities not re-
 10 ceiving contingent capacity and firm energy under sub-
 11 paragraphs (A) and (B) of paragraph (1) (referred to in
 12 this section as ‘new allottees’) for delivery commencing
 13 October 1, 2017 pursuant to this subsection. In this sub-
 14 section, the term ‘the marketing area for the Boulder City
 15 Area Projects’ shall have the same meaning as in appendix
 16 A of the General Consolidated Power Marketing Criteria
 17 or Regulations for Boulder City Area Projects published

1 in the Federal Register on December 28, 1984 (49 Fed-
2 eral Register 50582 et seq.) (referred to in this section
3 as the ‘Criteria’).

4 “(C)(i) Within 18 months of the date of enactment
5 of the Hoover Power Allocation Act of 2009, the Secretary
6 of Energy shall allocate through the Western Area Power
7 Administration (referred to in this section as ‘Western’),
8 for delivery commencing October 1, 2017, for use in the
9 marketing area for the Boulder City Area Projects 66.7
10 percent of the Schedule D contingent capacity and firm
11 energy to new allottees that are located within the mar-
12 keting area for the Boulder City Area Projects and that
13 are—

14 “(I) eligible to enter into contracts under sec-
15 tion 5 of the Boulder Canyon Project Act (43 U.S.C.
16 617d); or

17 “(II) federally recognized Indian tribes.

18 “(ii) In the case of Arizona and Nevada, Schedule
19 D contingent capacity and firm energy for new allottees
20 shall be offered through the Arizona Power Authority and
21 the Colorado River Commission of Nevada, respectively.

22 “(iii) In performing its allocation of Schedule D
23 power provided for in this subparagraph, Western shall
24 apply criteria developed in consultation with the States of
25 Arizona, Nevada, and California.

1 “(D) Within 1 year of the date of enactment of the
2 Hoover Power Allocation Act of 2009, the Secretary of
3 Energy also shall allocate, for delivery commencing Octo-
4 ber 1, 2017, for use in the marketing area for the Boulder
5 City Area Projects 11.1 percent of the Schedule D contin-
6 gent capacity and firm energy to each of—

7 “(i) the Arizona Power Authority for allocation
8 to new allottees in the State of Arizona;

9 “(ii) the Colorado River Commission of Nevada
10 for allocation to new allottees in the State of Ne-
11 vada; and

12 “(iii) Western for allocation to new allottees
13 within the State of California.

14 “(E) Each contract offered pursuant to this sub-
15 section shall include a provision requiring the new allottee
16 to pay a proportionate share of its State’s respective con-
17 tribution (determined in accordance with each State’s ap-
18 plicable funding agreement) to the cost of the Lower Colo-
19 rado River Multi-Species Conservation Program (as de-
20 fined in section 9401 of the Omnibus Public Land Man-
21 agement Act of 2009 (Public Law 111–11; 123 Stat.
22 1327)), and to execute the Boulder Canyon Project Imple-
23 mentation Agreement Contract No. 95–PAO–10616 (re-
24 ferred to in this section as the ‘Implementation Agree-
25 ment’).

1 “(F) Any of the 66.7 percent of Schedule D contin-
2 gent capacity and firm energy that is to be allocated by
3 Western that is not allocated and placed under contract
4 by October 1, 2017, shall be returned to those contractors
5 shown in Schedule A and Schedule B in the same propor-
6 tion as those contractors’ allocations of Schedule A and
7 Schedule B contingent capacity and firm energy. Any of
8 the 33.3 percent of Schedule D contingent capacity and
9 firm energy that is to be distributed within the States of
10 Arizona, Nevada, and California that is not allocated and
11 placed under contract by October 1, 2017, shall be re-
12 turned to the Schedule A and Schedule B contractors
13 within the State in which the Schedule D contingent ca-
14 pacity and firm energy were to be distributed, in the same
15 proportion as those contractors’ allocations of Schedule A
16 and Schedule B contingent capacity and firm energy.”.

17 (e) TOTAL OBLIGATIONS.—Paragraph (3) of section
18 105(a) of the Hoover Power Plant Act of 1984 (43 U.S.C.
19 619a(a)) (as redesignated as subsection (d)(1)) is amend-
20 ed—

21 (1) in the first sentence, by striking “schedule
22 A of subsection (a)(1)(A) of this section and sched-
23 ule B of subsection (a)(1)(B) of this section” and in-
24 serting “pursuant to paragraphs (1)(A), (1)(B), and
25 (2)”; and

1 (2) in the second sentence—

2 (A) by striking “any” and inserting
3 “each”;

4 (B) by striking “schedule C” and inserting
5 “Schedule C”; and

6 (C) by striking “schedules A and B” and
7 inserting “Schedules A, B, and D”.

8 (f) POWER MARKETING CRITERIA.—Paragraph (4)
9 of section 105(a) of the Hoover Power Plant Act of 1984
10 (43 U.S.C. 619a(a)) (as redesignated as subsection (d)(1))
11 is amended to read as follows:

12 “(4) Subdivision E of the Criteria shall be deemed
13 to have been modified to conform to this section, as modi-
14 fied by the Hoover Power Allocation Act of 2009. The Sec-
15 retary of Energy shall cause to be included in the Federal
16 Register a notice conforming the text of the regulations
17 to such modifications.”.

18 (g) CONTRACT TERMS.—Paragraph (5) of section
19 105(a) of the Hoover Power Plant Act of 1984 (43 U.S.C.
20 619a(a)) (as redesignated as subsection (d)(1)) is amend-
21 ed—

22 (1) by striking subparagraph (A) and inserting
23 the following:

1 “(A) in accordance with section 5(a) of the
2 Boulder Canyon Project Act (43 U.S.C. 617d(a)),
3 expire September 30, 2067;”;

4 (2) in the proviso of subparagraph (B)—

5 (A) by striking “shall use” and inserting
6 “shall allocate”; and

7 (B) by striking “and” after the semicolon
8 at the end;

9 (3) in subparagraph (C), by striking the period
10 at the end and inserting a semicolon; and

11 (4) by adding at the end the following:

12 “(D) authorize and require Western to collect
13 from new allottees a pro rata share of Hoover Dam
14 repayable advances paid for by contractors prior to
15 October 1, 2017, and remit such amounts to the
16 contractors that paid such advances in proportion to
17 the amounts paid by such contractors as specified in
18 section 6.4 of the Implementation Agreement;

19 “(E) permit transactions with an independent
20 system operator; and

21 “(F) contain the same material terms included
22 in section 5.6 of those long-term contracts for pur-
23 chases from the Hoover Power Plant that were made
24 in accordance with this Act and are in existence on

1 the date of enactment of the Hoover Power Alloca-
2 tion Act of 2009.”.

3 (h) EXISTING RIGHTS.—Section 105(b) of the Hoo-
4 ver Power Plant Act of 1984 (43 U.S.C. 619a(b)) is
5 amended by striking “2017” and inserting “2067”.

6 (i) OFFERS.—Section 105(c) of the Hoover Power
7 Plant Act of 1984 (43 U.S.C. 619a(c)) is amended to read
8 as follows:

9 “(c) OFFER OF CONTRACT TO OTHER ENTITIES.—
10 If any existing contractor fails to accept an offered con-
11 tract, the Secretary of Energy shall offer the contingent
12 capacity and firm energy thus available first to other enti-
13 ties in the same State listed in Schedule A and Schedule
14 B, second to other entities listed in Schedule A and Sched-
15 ule B, third to other entities in the same State which re-
16 ceive contingent capacity and firm energy under sub-
17 section (a)(2) of this section, and last to other entities
18 which receive contingent capacity and firm energy under
19 subsection (a)(2) of this section.”.

20 (j) AVAILABILITY OF WATER.—Section 105(d) of the
21 Hoover Power Plant Act of 1984 (43 U.S.C. 619a(d)) is
22 amended to read as follows:

23 “(d) WATER AVAILABILITY.—Except with respect to
24 energy purchased at the request of an allottee pursuant
25 to subsection (a)(3), the obligation of the Secretary of En-

1 ergy to deliver contingent capacity and firm energy pursu-
2 ant to contracts entered into pursuant to this section shall
3 be subject to availability of the water needed to produce
4 such contingent capacity and firm energy. In the event
5 that water is not available to produce the contingent ca-
6 pacity and firm energy set forth in Schedule A, Schedule
7 B, and Schedule D, the Secretary of Energy shall adjust
8 the contingent capacity and firm energy offered under
9 those Schedules in the same proportion as those contrac-
10 tors' allocations of Schedule A, Schedule B, and Schedule
11 D contingent capacity and firm energy bears to the full
12 rated contingent capacity and firm energy obligations.”.

13 (k) CONFORMING AMENDMENTS.—Section 105 of the
14 Hoover Power Plant Act of 1984 (43 U.S.C. 619a) is
15 amended—

16 (1) by striking subsections (e) and (f); and

17 (2) by redesignating subsections (g), (h), and
18 (i) as subsections (e), (f), and (g), respectively.

19 (l) CONTINUED CONGRESSIONAL OVERSIGHT.—Sub-
20 section (e) of section 105 of the Hoover Power Plant Act
21 of 1984 (43 U.S.C. 619a)) (as redesignated by subsection
22 (k)(2)) is amended—

23 (1) in the first sentence, by striking “the re-
24 newal of”; and

1 (2) in the second sentence, by striking “June 1,
2 1987, and ending September 30, 2017” and insert-
3 ing “October 1, 2017, and ending September 30,
4 2067”.

5 (m) COURT CHALLENGES.—Subsection (f)(1) of sec-
6 tion 105 of the Hoover Power Plant Act of 1984 (43
7 U.S.C. 619a) (as redesignated by subsection (k)(2)) is
8 amended in the first sentence by striking “this Act” and
9 inserting “the Hoover Power Allocation Act of 2009”.

10 (n) REAFFIRMATION OF CONGRESSIONAL DECLARA-
11 TION OF PURPOSE.—Subsection (g) of section 105 of the
12 Hoover Power Plant Act of 1984 (43 U.S.C. 619a) (as
13 redesignated by subsection (k)(2)) is amended—

14 (1) by striking “subsections (e), (g), and (h) of
15 this section” and inserting “this Act”; and

16 (2) by striking “June 1, 1987, and ending Sep-
17 tember 30, 2017” and inserting “October 1, 2017,
18 and ending September 30, 2067”.

○



January 20, 2010

Attention: Legislation, Conservation and Outreach Committee

**Small Contractor Outreach and Opportunities Program (SCOOP) Quarterly Report
(Information)**

Discussion

The objective of SCOOP is to maximize small business participation on Water Authority contracts and procurements, through networking, technical assistance, and training. This report provides a summary of the Small Contractor Outreach and Opportunities Program (SCOOP) activities and program measurements from July 1, 2009 through September 30, 2009.

Networking

The 2009 California Construction Expo (CalCon), a construction outreach and training conference, was hosted by the Metropolitan Water District, the Port of Long Beach, and other Southern California public agencies. This annual event attracts more than 2,000 construction professionals, as well as trade and construction associations. SCOOP participated in a panel discussion on "How to Successfully Navigate Public Contracts."

SCOOP also participated in panel discussions at both the north and south county "Stimulus Opportunities for Small Businesses" events. More than 400 attendees at each session met federal, state, and local public agency buyers and representatives, as well as defense and government contractors. SCOOP participated on the local "Public Sector" panel. The purpose of the event was to provide small businesses with access to upcoming contract information and contracting officials, as well as to inform them of the opportunities that exist under the American Recovery and Reinvestment Act.

In addition to preparing for the 11th annual Paths to Partnerships Regional Forum, staff participated in 42 outreach events during the first quarter, as indicated in Exhibit A (Outreach Activities).

Training and Technical Assistance

The results of an in-depth needs assessment indicated that while small businesses find the current training program to be valuable, they would benefit further from training that is exclusively and specifically focused on working with the Water Authority. To that end, curricula have been developed that depict the environment and scenarios that small businesses encounter, with class titles such as "Bidding Public Works Projects as a Subcontractor" and "Teaming with Prime Contractors." Two online modules are also in the development phase, and will be in the testing phase within the next several months.

Classroom instruction continued during the quarter, with 73 trainees representing 68 companies attending two "Get the SCOOP" training classes on "Marketing" and "Doing Business with the Water Authority."

Small Business Participation – The Water Authority’s cumulative contract and purchase order awards for the quarter were approximately \$11 million. Total dollars committed to small businesses exceeded \$1.6 million, or 15 percent, of total dollars awarded by the Water Authority. Approximately \$580,000, or 5 percent of total dollars, was awarded to minority and women-owned businesses.

Further details of SCOOP statistics are given in the attachments to this report. Exhibit B (Program Measurements Summary) provides an overview of SCOOP outreach results. Exhibit C (Program Measurements Detail) contains information on small business participation and awards within procurement sectors. Information on minority-owned and women-owned businesses is made available to the Board for statistical purposes only.

Prepared by: Emily Yanushka, SCOOP Manager

Reviewed by: Jason Foster, Director of Public Affairs

Attachments

1. Exhibit A – Outreach Activities
2. Exhibit B – Program Measurements Summary
3. Exhibit C – Program Measurements Detail

EXHIBIT A
Small Contractor Outreach and Opportunities Program
Outreach Activities

July 1, 2009 – September 31, 2009

Through the first quarter of fiscal year 2010, Water Authority representatives attended 42 outreach events with the 31 small business, trade, and community organizations indicated in the chart below.

ORGANIZATION	EVENT
African American Business Women of Vision	Anniversary Celebration
American Public Works Association	Awards Program
Asian Business Association	Monthly Rice Club meeting
BlueBook	Blue Book Showcase Expo
Caltrans District 11	Small Business Council
Catfish Club	Weekly African American Forum on local issues
City of San Diego	Mentor Protégé Advisory Board Small Business Advisory Board meeting
Contract Management Association of America (CMAA)	Annual Expo Monthly meeting
Department of Defense	2009 Navy Gold Coast Conference Small Business Expo
Engineering and General Contractors Association	Monthly meeting
Hispanic Chamber of Commerce	Monthly meeting California State Hispanic Chamber of Commerce convention
Metropolitan Water District of Southern California	Procurement Advantage Training Program California Construction (CalCon) Expo
National Association of Woman in Construction	Monthly meeting Anniversary Awards
National Association of Women Business Owners	Monthly meeting Annual Dinner
National City Chamber of Commerce	Bayside Business Expo: Stimulus Opportunities for Small Businesses
National Latina Business Women's Association	The Power of Connecting
North County Small Business Development Center	Quarterly Advisory Board Stimulus Opportunities for Small Businesses
Regional Construction Procurement Committee	Monthly meetings
San Diego Black Professional Organization	Monthly meetings
San Diego Disabled Veteran-Owned Businesses Elite	Monthly meetings
San Diego MANA	Latina Success
San Diego North Economic Development Council	Monthly meeting
San Diego Regional Chamber of Commerce	Chamber Source trainings Small Business Advocacy Committee meetings
San Diego Regional Minority Supplier Development Council	2009 Business Opportunity Conference
San Diego Supplier Development Council	Monthly meetings
San Diego Urban Economic Development Corporation	Black Business Weekend SDUEDC Summit
South County Economic Development Council	Monthly meeting
South County Small Business Development and International Trade Center	Quarterly Advisory Board meetings
Urban League of San Diego	Diversity Networking Workshop
Women in Transportation	Monthly meetings
Women's Business Center of California	WBCC Advisory Board Training Workshops

EXHIBIT B
Small Contractor Outreach and Opportunities Program
Program Measurements Summary
July 1, 2009 – September 30, 2009

		A-1. Small Business Measurements for July 1, 2009 – September 30, 2009					
		FY 2010 YTD			FY 2009 Total		
		Total	Small	% Small	Total	Small	% Small
1.	Number of qualified small businesses capable of bidding on Water Authority projects	5,471	2,396	44%	5,397	2,346	43%
2.	Number of bidders submitting bids and proposals	119	75	63%	526	225	43%
3.	Number of businesses participating on Water Authority procurements	185	94	51%	559	245	44%
4.	Number of contracting opportunities	30	20	67%	105	40	38%
5.	Amount committed to small businesses	\$10,956,591	\$1,609,968	15%	\$110,694,189	\$27,466,923	25%

		A-2. Minority/Women-Owned Business Measurements for July 1, 2009 – September 30, 2009					
		FY 2010 YTD			FY 2009 Total		
		Total	M/W	% M/W	Total	M/W	% M/W
1.	Number of qualified M/W businesses capable of bidding on Water Authority projects	5,471	1,385	25%	5,397	1,389	26%
2.	Number of bidders submitting bids and proposals	114	42	37%	526	109	21%
3.	Number of businesses participating on Water Authority procurements	185	40	22%	559	108	19%
4.	Number of contracting opportunities	30	7	23%	105	17	16%
5.	Amount committed to minority and women-owned businesses	\$10,956,591	\$580,625	5%	\$110,694,189	\$19,343,351	18%

EXHIBIT C
Small Contractor Outreach and Opportunities Program
Program Measurements Detail
July 1, 2009 – September 30, 2009

1. Number of qualified small businesses capable of bidding on Water Authority projects.

“The Network” is the Water Authority’s online vendor registration, notification, and solicitation system. Of the 5,471 total businesses currently in the system, 2,396 (44%) are small businesses, and 1,385 (25%) are minority and women-owned businesses. These figures indicate the optimum level of qualified businesses specifically interested in working with the Water Authority.

2. Number of businesses submitting bids and proposals.

Of the 119 individual firms that bid during the first quarter, 75 (63%) were small businesses (figure C-2.). There were 41 bids (34%) received from minority and women-owned businesses (figure C-2(a)).

C-2. Number of small businesses submitting bids and proposals for Water Authority projects.

	FY 2010 YTD			FY 2009 Total		
	Total	Small	% Small	Total	Small	% Small
Prof Svc	102	66	65%	322	159	49%
Design-Build	0	0	-	0	0	-
Construction	17	9	53%	204	66	32%
Total	119	75	63%	526	225	43%

C-2 (a). Number of minority and woman-owned businesses submitting bids and proposals for Water Authority projects.

	FY 2010 YTD			FY 2009 Total		
	Total	M/W	% M/W	Total	M/W	% M/W
Prof Svc	102	38	38%	322	98	30%
Design-Build	0	0	-	0	0	-
Construction	17	3	18%	204	11	5%
Total	119	41	34%	526	109	21%

3. Number of businesses participating on Water Authority procurements.

A total of 94 small firms did business with the Water Authority during the first quarter. This represents 51 percent of the total number (185) of firms commencing new business with the

Water Authority during the same period. The number of minority and women-owned businesses participating on Water Authority procurements was 40, or 22 percent.

C-3. Number of small businesses participating as primes, subcontractors, and vendors on Water Authority procurements.

	FY 2010 YTD			FY 2009 Total		
	Total	Small	% Small	Total	Small	% Small
Prof Svc	38	29	76%	188	104	55%
Design-Build	0	0	-	0	0	-
Construction	4	3	75%	51	20	39%
<i>Total Contracts</i>	<i>42</i>	<i>32</i>	<i>76%</i>	<i>239</i>	<i>124</i>	<i>52%</i>
Vendors	101	30	30%	320	121	38%
Total	185	94	51%	559	245	44%

C-3 (a). Number of minority and woman-owned businesses participating as primes, subcontractors, and vendors on Water Authority procurements.

	FY 2010 YTD			FY 2009 Total		
	Total	M/W	% M/W	Total	M/W	% M/W
Prof Svc	38	12	32%	188	53	28%
Design-Build	0	0	-	0	0	-
Construction	4	1	25%	51	4	8%
<i>Total Contracts</i>	<i>42</i>	<i>13</i>	<i>31%</i>	<i>239</i>	<i>57</i>	<i>24%</i>
Vendors	101	14	14%	320	51	16%
Total	185	40	22%	559	108	19%

4. Number of contracting opportunities.

This measurement reflects the number of prime contractors and consultants that have a direct contract with the Water Authority. Of the 30 contracts awarded, 20 (67%) were awarded to small businesses (figure C-4.). Seven contracts (23%) were awarded to minority and women-owned businesses (figure C-4(a)).

C-4. Number of contracting opportunities

	FY 2010 YTD			FY 2009 Total		
	Total Contracts	Small Primes	% Small	Total Contracts	Small Primes	% Small
0 - \$50,000	23	17	74%	51	24	47%
\$50,001 - \$250,000	2	2	100%	30	9	30%
\$250,001 - \$1,000,000	3	1	33%	15	5	33%
\$1,000,001 - \$5,000,000	2	0	0%	9	2	22%
\$5,000,001 - \$100,000,000	0	0	-	0	0	-
\$100,000,001+	0	0	-	0	0	-
Total	30	20	67%	105	40	38%

C-4 (a). Number of contracting opportunities

	FY 2010 YTD			FY 2009 Total		
	Total Contracts	M/W Primes	% M/W	Total Contracts	M/W Primes	% M/W
0 - \$50,000	23	6	26%	51	11	22%
\$50,001 - \$250,000	2	1	50%	30	5	17%
\$250,001 - \$1,000,000	3	0	0%	15	0	0%
\$1,000,001 - \$50,000,000	2	0	0%	9	1	11%
\$50,000,001 - \$100,000,000	0	0	-	0	0	-
\$100,000,001+	0	0	-	0	0	-
Total	30	7	23%	105	17	16%

5. Amount committed to small businesses.

The amount of money committed to small businesses in the first quarter was \$1,609,968 which represents 15 percent of total procurement dollars. The amount committed to minority firms was \$580,625, or 5 percent of total procurement dollars.

C-5. Amount committed to small primes, subcontractors, and vendors participating in the Water Authority's procurement process.

	FY 2010 YTD			FY 2009 Total		
	Total	Small	% Small	Total	Small	% Small
Prof Svc	\$6,656,906	\$1,370,515	21%	\$49,772,974	\$12,947,583	26%
Design-Build	\$0	\$0	-	\$0	\$0	-
Construction	\$144,222	\$94,222	65%	\$55,862,601	\$13,725,387	25%
Vendors	\$4,155,463	\$145,231	4%	\$5,058,614	\$773,953	15%
Total	\$10,956,591	\$1,609,968	15%	\$110,694,189	\$27,466,923	25%

C-5 (a). Amount committed to minority/women primes, subcontractors, and vendors participating in the Water Authority's procurement process.

	FY 2010 YTD			FY 2009 Total		
	Total	M/W	% M/W	Total	M/W	% M/W
Prof Svc	\$6,656,906	\$478,736	7%	\$49,772,974	\$7,093,386	14%
Design-Build	\$0	\$0	-	\$0	\$0	-
Construction	\$144,222	\$24,822	17%	\$55,862,601	\$11,614,980	21%
Vendors	\$4,155,463	\$77,067	2%	\$5,058,614	\$634,985	13%
Total	\$10,956,591	\$580,625	5%	\$110,694,189	\$19,343,351	18%



January 20, 2010

Attention: Legislation, Conservation and Outreach Committee

Government Relations Update (Information)

Discussion

This report is an update of the Water Authority's government relations program.

Beginning of the new legislative session

Although the Legislature was officially in recess since September 11, both houses continued to meet in special session into December. The Legislature took up a set of education bills to allow the state to take advantage of federal funds through the "Race to the Top" program. The Senate and Assembly passed different bills that needed to be reconciled after the first of the new year.

The Legislature reconvened for the 2010 legislative session on January 4. Its first order of business was to complete the "Race to the Top" package, which it did.

The Assembly elected John Pérez (D-Los Angeles) to be the new Speaker, replacing Karen Bass, who is termed out this year. In the Senate, Senator Bob Dutton (R-Rancho Cucamonga) will replace termed out minority leader Dennis Hollingsworth, although Senator Hollingsworth is expected to remain minority leader during budget negotiations.

On January 6, Governor Schwarzenegger delivered his final State of the State address. He called for bi-partisan teamwork to overcome the budget deficit that faces the state in the next 18 months. He announced that the deficit for the remainder of the 2009-10 fiscal year and the 2010-11 fiscal year is estimated to be \$19.9 billion. Governor Schwarzenegger called for the passage of the water bond in November and spoke of the importance to the state of solving its water problems.

Governor's Budget

The Governor released his budget for 2010-11 on Friday, January 8. The budget closes a shortfall of \$19.9 billion over the next 18 months. The shortfall in the current fiscal year is \$6.7 billion. Next fiscal year, the shortfall will be \$12.3 billion. A prudent reserve of \$1 billion fills out the \$19.9 billion.

The Governor is seeking the payment of \$6.9 billion he claims the federal government owes the state of California. The remainder of the shortfall will have to be covered by cuts in state personnel costs, social services, and prisons. The budget does not cut education spending. The Governor is proposing a 5 percent cut in personnel costs across the board. How to achieve the reduction will be left to department heads. In the event the federal government does not pay the \$6.9 billion, the budget contains additional cuts that would be triggered.

The Governor also declared a fiscal emergency under Prop. 58 and called for a special session to rebalance the current year's budget. He noted that the faster the Legislature acts to rebalance the budget, the less the need for additional cuts. If the Legislature fails to act within 45 days, it cannot adjourn or act on any other business until it passes a budget solution.

Lobbyist Activities

Jonathan Clay of Carpi and Clay will provide a separate report of the firm's monthly activities and provide oral remarks to the committee.

John White's activities in December included:

- Informing the Secretary of the California Environmental Protection Agency, Linda Adams, about the tentative ruling on the Quantification Settlement Agreement. Secretary Adams was instrumental in accomplishing the QSA as legislative secretary to former Governor Gray Davis.
- Meetings and discussions with legislative staff, including Kip Lipper, environmental consultant to Senate President pro tem Darrell Steinberg.
- Meetings, discussions, and conference calls with San Diego Water Authority lobbyists, management, and board members to discuss new developments, strategy, and assignments.
- Weekly conference calls with board chair Bud Lewis and Legislation, Conservation and Outreach Committee chair Marilyn Dailey.

Bob Giroux of Lang Hansen O'Malley & Miller reports that he and Joe Lang performed the following lobbying activities on behalf of the Water Authority in October and November:

- Arranged meetings between Water Authority staff and legislative leadership to discuss developments on the QSA.
- Participation in weekly conference calls with board chair Lewis and Director Marilyn Dailey regarding legislation and the state budget.

Washington, D.C.

In December, the Senate passed a version of a health care bill and adjourned. The Senate version will now be reconciled with the House version before being presented to the President for his signature. The House and the Senate reconvened on January 5.

Senators Feinstein and Boxer have introduced a bill to streamline transfers of Central Valley Project water. Representative Grace Napolitano and Senator Harry Reid have introduced bills in

the House and Senate, respectively, that authorize the renewal of contracts for power from Hoover Dam beginning in 2017. These bills will be addressed in a separate board memo in which staff recommends the board adopt a position of Support on each of these bills.

On December 22, 2009, the federal government released an interim action plan for the California Bay-Delta. The plan calls for the federal government to participate in the Bay-Delta Conservation Plan and to help facilitate the newly enacted Bay-Delta legislative package. The plan also calls for construction of an intertie between the state and federal aqueducts in the Central Valley. Other actions include building a facility to breed Delta smelt and other listed fish species in the Delta to protect them from extinction, and moving forward on environmental restoration projects.

Ken Carpi of Carpi & Clay will provide a separate report of the firm's monthly activities in Washington, D.C. and provide oral remarks to the committee.

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