STATE OF CALIFORNIA — Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: April 2, 2008

To: The Commission
(Meeting of April 10, 2008)

From: Pamela Loomis, Deputy Director
Office of Governmental Affairs (OGA) — Sacramento

Subject: **AB 2501 (Wolk) – Water: planning.**

LEGISLATIVE SUBCOMMITTEE RECOMMENDATION: SUPPORT

SUMMARY OF BILL:

AB 2501 would require the Department of Water Resources (DWR) to produce a report that determines the energy savings and greenhouse gas emissions (GHG) reductions resulting from use of recycled water for nonpotable uses, and from water conservation, in consultation with the CPUC, along with several other state agencies.

SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION:

The CPUC has been actively involved in the Water-Energy Partnership (WEP), a statewide association of public and private organizations involved in estimating the energy savings associated with water efficiency. Some data from WEP studies may be useful in this analysis. Also, one of the objectives of the CPUC's current energy efficiency proceeding, R. 06-04-010, is to quantify energy savings resulting from water conservation and efficiency. AB 2501 would reinforce and complement these CPUC activities.

SUMMARY OF SUGGESTED AMENDMENTS:

- As noted above, the bill requires production of a report on quantifying energy savings and greenhouse gas reductions from water conservation and recycling. Currently, the agencies are working on this analysis, but it does not appear as though the current deadline in the bill of January 1, 2009 is feasible. The CPUC's water-energy pilot programs will not be complete in this timeframe. Moving the deadline to January 1, 2010 would allow more time for analysis and learning from activities currently underway.

DIVISION ANALYSIS (Planning and Policy Division:

- The State of California encounters several challenges in obtaining and maintaining sufficient water supply from various sources. Challenges include the uncertain availability of water from the Sacramento-San Joaquin Delta and other sources, increasing state population, limited public funds, likelihood of drought within California (and within the Colorado River Basin) in light of historical precipitation patterns, and climate change impacts.

- The California Energy Commission (CEC) 2005 Integrated Energy Policy Report (IEPR) concluded that, in many areas of the state, recycled water is the least energy-intensive source of new water supply. Furthermore, water conservation and efficiency provide even greater energy savings. Also in 2005, the CPUC's Water Action Plan emphasized the need for greater attention to water conservation and the link between water use and electricity use in California.

- In the CPUC energy efficiency proceeding (R. 06-04-010) various collaborative pilot programs have been authorized between energy and municipal water utilities with the objective to achieve energy savings from water conservation and efficiency. An indirect benefit will be a reduction of GHG emissions. An "embedded energy calculator" developed in this proceeding quantifies the expected water and energy savings, and might be expanded to calculate GHG savings from a broader population of utilities and consumers if the approach were to be expanded beyond its current pilot stage. Also, the CPUC participates in the Water Energy Team, Climate Action Team (WET CAT), which seeks to encourage GHG reductions achievable via water conservation and efficiency.

- This bill would improve state water management and planning by taking into consideration impacts of climate change on those plans. DWR is required to submit by July 1, 2009, peer-reviewed scientific information regarding climate change impact on water resources for each of the state's hydrologic regions. DWR is directed to disapprove any request for a grant submitted after January 1, 2011, unless the integrated regional water management plan upon which the grant is based assesses the impact of climate change on that plan.

- The bill also requires DWR, in collaboration with the SWRCB, California Air Resources Board (ARB), California Energy Commission (CEC), and the CPUC to prepare a report quantifying energy and GHG savings resulting from water efficiency and conservation. Use of recycled water for nonpotable applications, and conservation should receive special focus. DWR should submit the report with policy recommendations to the Governor and Legislature before January 1, 2009. As of July 1, 2009, urban water suppliers will be required to identify the effects of climate change on their water supply projections. As of January 1, 2010, agricultural water suppliers will be required to identify the impact of climate change on their water sources.

- The bill appropriates $610,890,000 available from previously-approved state bonds to:

- integrate state flood protection and water supply systems,

- promote conjunctive use of groundwater storage capacity to improve water supply and flood system operation,

- promote increased water use efficiency via expanded water conservation, water recycling, and technological improvements.

- The above-listed changes to water supply planning should contribute towards improved water management and planning throughout California, and should enable more accurate projections of water supply reliability. Currently, state and federal law does not adequately address these proposed improvements in water management and planning, including the potential benefits from recycling and conservation, and GHG reductions obtainable through water conservation and efficiency. The bill would have a strong likelihood for success if the state agencies cited above, relevant local agencies, private and public energy and water utilities, agricultural industry, and non-governmental organizations (e.g. environmental and consumer groups) can collaborate effectively to achieve the measures proposed by the bill. Without the bill, there is less likely to be a unified and successful effort by these stakeholders to achieve the overarching goals of improved water resource management and reducing climate change impact from water production, conveyance, distribution, treatment, and use.

- The bill is consistent with CPUC's energy efficiency objectives (CPUC's R. 06-04-010) of quantifying energy savings from water conservation and efficiency, and to reduce GHG emissions as a result. In the CPUC Water Action Plan, the Commission noted "…we will identify actions that our water utilities can take to reduce GHG emissions." (CPUC Water Action Plan, p. 11: ftp://ftp.cpuc.ca.gov/PUC/hottopics/3water/water_action_plan_final_12_27_05.pdf)

PROGRAM BACKGROUND:

- The California Global Warming Solutions Act of 2006 caps California's GHG emissions at 1990 levels by 2020. The State Air Resources Board is required to establish a program for statewide GHG emissions reporting and to monitor and enforce compliance with this program. The Water Energy Team, Climate Action Team (WET CAT) is one of over 10 subgroups which is seeking to determine the optimal policies for achieving the targeted GHG reductions, each for different sectors of the economy (WET CAT's focus being the water-energy nexus).

- As mentioned above, the CPUC is already seeking to quantify the energy savings from water conservation and efficiency in R. 06-04-010 using an "embedded energy calculator". Indeed, in the WET CAT subgroup and other venues, other state agencies, energy investor-owned utilities (IOUs), and non-governmental organizations have been requesting the CPUC to expand the embedded energy calculator to quantify GHG reductions. CPUC has limited resources to undertake an expanded

analysis of the resulting GHG reductions, particularly if the objective is to expand the analysis from **only** energy IOU ratepayers to **all** citizens of California.

- Class A water utilities (those with greater than 10,000 customers) regulated by the CPUC are required to file a Water Management Program with each General Rate Case (GRC) filing, forecasting supplies and demand for 20 years. AB 2501 would bring added and needed emphasis to the impact of climate change on water supply plans of those water utilities.

- The CPUC is currently examining water conservation and management policies, including use of recycled water, in the Water Conservation Order Instituting Investigation (OII 07-01-022). AB 2501 would complement one of the objectives of this proceeding, namely, to improve water conservation and efficiency planning by regulated water utilities.(i.e. Class A water utilities directly, and Class B, C, and D indirectly).

- The CPUC requires Class A water utilities to be active members in the California Urban Water Conservation Council (CUWCC), including deployment of the CUWCC Best Management Practices (BMPs). AB 2501 further reinforces the CUWCC's objectives of improved water conservation and efficiency.

- Other states' or federal information: The Federal Department of Energy (DOE) produced a report to Congress in early 2006 summarizing the public workshops and research conducted by twelve DOE laboratories on the water-energy nexus: http://www.sandia.gov/energy-water/congress_overview.htm

LEGISLATIVE HISTORY: In 2004, Assemblyperson Wolk sought to have a nearly identical bill, AB 224, passed, but it never reached a full vote in the legislature.

STATUS: AB 2501 is awaiting hearing in the Assembly Committee on Water, Parks and Wildlife.

SUPPORT/OPPOSITION: Unknown.

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Date: April 2, 2008.

BILL LANGUAGE:

BILL NUMBER: AB 2501 INTRODUCED
BILL TEXT

INTRODUCED BY Assembly Member Wolk
(Coauthor: Assembly Member DeSaulnier)

FEBRUARY 21, 2008

An act to add Part 1.6 (commencing with Section 10100) to Division 6 of, and to add Division 33 (commencing with Section 83000) to, the Water Code, relating to water, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2501, as introduced, Wolk. Water: planning.

(1) Under existing law, various state and local agencies engage in water resource planning.

This bill would enact the Climate Change and Water Resource Protection Act of 2008. The bill would require the Department of Water Resources, as part of its statewide water resource management responsibilities, to include an analysis of the potential effects of climate change, to the extent applicable, in reports or plans relating to water management or planning that the department is required to prepare. The bill would prohibit the department from approving a request for a specified grant, submitted after January 1, 2011, unless certain requirements are met. The department would be required, by July 1, 2009, to identify available peer-reviewed information, or the best available scientific information, regarding climate change and water resources for the state and each of the state's hydrologic regions for specified uses. The bill would require an urban water supplier and an agricultural water supplier that is required to prepare a water management plan to take certain action relating to specified climate change information, as provided.

The bill would require the department, in collaboration with other state agencies, to prepare a report that quantifies the energy savings and greenhouse gas emission reductions associated with water supply development. The department would be required to submit the report to the Governor and the Legislature, and to make it available to the public, on or before January 1, 2009. The bill would require the state board and each California regional water quality board to consider specified matters relating to climate change for the purpose of reviewing applicable water quality standards in accordance with the federal Clean Water Act.

(2) Under existing law, various bond acts have been approved by the voters to provide funds for water projects, facilities, and programs. The Disaster Preparedness and Flood Prevention Bond Act of 2006, a bond act approved by the voters at the November 7, 2006, statewide general election, authorizes the issuance of bonds in the amount of $4,090,000,000 for the purposes of financing disaster preparedness and flood prevention projects. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection

Bond Act of 2006, an initiative bond act approved by the voters at the November 7, 2006, statewide general election, authorizes the issuance of bonds in the amount of $5,388,000,000 for the purposes of financing a safe drinking water, water quality and supply, flood control, and resource protection program. The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, approved by the voters at the November 5, 2002, statewide general election, authorizes, for the purposes of financing a safe drinking water, water quality, and water reliability program, the issuance of bonds in the amount of $3,440,000,000.

This bill, with regard to those bond funds, would appropriate $610,890,000 as follows: of the funds made available pursuant to the Disaster Preparedness and Flood Prevention Bond Act of 2006, $50,000,000 to the Department of Water Resources for essential emergency preparedness supplies and projects, and $150,000,000 to the department for stormwater flood management project grants; of the funds made available pursuant to the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, $50,000,000 to the State Department of Public Health for grants for small community drinking water system infrastructure improvements and related actions, $50,400,000 to the State Department of Public Health for grants for projects to prevent or reduce the contamination of groundwater that serves as a source of drinking water, $40,000,000 to the department for administrative costs, planning grants, and local groundwater assistance grants, $50,000,000 to the department for projects that improve the quality of the drinking water supply from the Sacramento-San Joaquin Delta, $60,000,000 to the department and the Central Valley flood Protection Board to increase the department's ability to respond to levee breaches and to reduce the potential for levee failure, $100,000,000 to the department and the board for the acquisition, preservation, protection, and restoration of Sacramento-San Joaquin Delta resources, $12,000,000 to the department to complete planning and feasibility studies associated with new surface storage under the California Bay-Delta Program, $15,000,000 to the department for planning and feasibility studies to identify potential options for the reoperation of the state's flood protection and water supply systems, $10,000,000 to the department for response to climate change, and $10,000,000 to the department for planning and feasibility studies to implement the Delta Vision; and of the funds made available under the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, $3,490,000 to the department for planning and feasibility studies associated with surface storage under the California Bay-Delta Program.

The bill would provide that up to 5% of the funds appropriated by the bill may be expended to pay for the administrative costs of that program. The bill would provide that funds appropriated by the bill are available for encumbrance until June 30, 2010. On January 10, 2009, program recipients would be required to report to the fiscal committees of the Legislature with regard to the committed and anticipated expenditures of these funds.

(3) Under the Porter-Cologne Water Quality Control Act, the State Water Resources Control Board and the California regional water quality control boards are the principal state agencies with authority over matters relating to water quality.

This bill would require the state board, in consultation with other agencies, to develop pilot projects in the Tulare Lake Basin

and the Salinas Valley focused on nitrate contamination. The bill would require the state board to create an interagency task force, as needed, to oversee the pilot projects, and to submit a report to the Legislature on the scope and findings of the projects within 2 years of receiving funding. The state board would be required to implement recommendations for developing a groundwater cleanup program for the Central Valley Water Quality Control Region and the Central Coast Water Quality Control Region based upon pilot project results within 2 years of submitting the report to the Legislature.

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

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

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

(a) The Department of Water Resources issued a report in 2006 on climate change and California's water resources, and concluded that climate change is likely to have significant effects on California's water supply projects and the Sacramento-San Joaquin Delta.

(b) The State Energy Resources Conservation and Development Commission's Integrated Energy Policy Report (CEC-IEPR) produced in 2005 estimates that water-related energy use consumes 19 percent of the state's electricity, 30 percent of its natural gas, and 88 billion gallons of diesel fuel every year.

(c) The CEC-IEPR also found that water supply and conveyance have both the highest energy magnitude and the greatest variability in energy intensity in the water use cycle.

(d) The California Global Warming Solutions Act of 2006 requires the adoption of a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. Existing law requires all state agencies to consider and implement strategies to reduce their greenhouse gas emissions.

(e) The CEC-IEPR concluded that, in many areas of the state, recycled water is the least energy-intensive source of new water supply. Increased use of recycled water statewide will reduce California's energy consumption and help meet the state's goal of reducing greenhouse gas emissions, as required by the California Global Warming Solutions Act of 2006.

(f) Increasing water conservation statewide will also reduce California's energy consumption and help meet the state's goal of reducing greenhouse gas emissions, as required by the California Global Warming Solutions Act of 2006.

(g) California should improve its overall planning process to ensure a safe, clean, and reliable water supply by giving more consideration to the impacts of climate change on the state's water resources, and by identifying water supply options that will help the state meet the requirements of the California Global Warming Solutions Act of 2006.

SEC. 2. Part 1.6 (commencing with Section 10100) is added to Division 6 of the Water Code, to read:

PART 1.6. CLIMATE CHANGE AND WATER RESOURCES

10100. This part shall be known and may be cited as the Climate Change and Water Resource Protection Act of 2008.

10101. (a) The department, as part of its statewide water resource management responsibilities, shall include an analysis of the potential effects of climate change, to the extent applicable, in all reports or plans relating to water management or planning that the department is required to prepare. These reports or plans include all of the following:

(1) The biennial report on the overall delivery capability of the State Water Project and the allocation of that capacity to each contractor.

(2) The California Water Plan prepared pursuant to Part 1.5 (commencing with Section 10004).

(3) Reports related to the Sacramento-San Joaquin Delta.

(4) State Plan of Flood Control.

(5) Bulletin 118 and other bulletins issued by the department concerning the statewide status of groundwater resources.

(b) On or before July 1, 2009, the department shall identify available peer-reviewed information, or in its absence, the best available scientific information, including information produced in response to Executive Order S-3-05, regarding climate change and water resources for the state and each of the state's hydrologic regions for use by state and local agencies for the purposes described in Sections 10103 and 10104. To the maximum extent practicable, the department shall make the information available on its Internet Web site or through other readily available means. In conjunction with the preparation of the California Water Plan, the department shall work with the California Environmental Protection Agency and the scientific community to periodically update the climate change information, as appropriate.

(c) The department shall not approve any request for a grant pursuant to Section 75026 of the Public Resources Code, submitted after January 1, 2011, unless the integrated regional water management plan that is the basis of the grant application includes consideration of the information regarding climate change made available in accordance with subdivision (b) or other relevant information if the applicant deems that information reasonably reliable. If this information is not available, or does not apply to a particular integrated regional water management planning area, the grant applicant is not subject to the requirements of this section and the body adopting the integrated regional water management plan shall adopt a written statement that information pursuant to subdivision (b) is not available, or does not apply to the integrated regional water management in the planning area.

10102. (a) In order to assist local and state agencies in implementing the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code), the department, in collaboration with the State Water Resources Control Board, the State Air Resources Board, the State Energy Resources Conservation and Development Commission, and the Public Utilities Commission, shall prepare a report that quantifies the energy savings and greenhouse gas emission reductions associated with water supply development, including, but not limited to, increasing the use of recycled water to offset the use of potable water for nonpotable uses in the state and expanding reliance on water conservation. For the purposes of this section, the State Water Resources Control Board has the primary responsibility for the

analysis of recycled water and the department has primary responsibility for the analysis of all other water supply development alternatives.

(b) In making the quantifications required by subdivision (a), the agencies shall use the best scientific information available and consult with all interested local agencies.

(c) The report shall quantify statewide energy savings and greenhouse gas emission reductions by utilizing various scenarios that assume the state will exceed its current use of recycled water and will meet or exceed the state's goal for water recycling established by Section 13577. The study shall consider energy savings and greenhouse gas emission reductions in each region identified in Section 13200 from all possible nonpotable uses of recycled water including, but not limited to, the following agricultural, industrial, environmental, groundwater recharge, commercial, urban irrigation, and domestic uses:

(1) Flushing toilets and urinals.

(2) Priming drain traps.

(3) Industrial process water that may come into contact with workers.

(4) Structural fire fighting.

(5) Decorative fountains.

(6) Commercial laundries.

(7) Consolidation of backfill around potable water pipelines.

(8) Artificial snow making for commercial outdoor use.

(9) Commercial car washes, including hand washes if the recycled water is not heated, where the general public is excluded from the washing process.

(10) Industrial boiler feed.

(11) Nonstructural fire fighting.

(12) Backfill consolidation around nonpotable piping.

(13) Soil compaction.

(14) Mixing concrete.

(15) Dust control on roads and streets.

(16) Cleaning roads, sidewalks, and outdoor work areas.

(17) Industrial process water that will not come into contact with workers.

(d) In making the quantification related to water conservation, the report shall quantify statewide energy savings and greenhouse gas emission reductions assuming the potential water use efficiency identified in the department's Bulletin 160-05. The report shall include recommendations as to emission reduction measures that provide state agencies a way to reduce greenhouse gas emissions from water use.

(e) The department shall submit the report required by subdivision (a) to the Governor and the Legislature, and make the report available to the public, on or before January 1, 2009. The report shall include specific policy recommendations and administrative actions that will assist the state in meeting the requirements of Section 38560.5 of the Health and Safety Code to identify and implement specific greenhouse gas emission reduction measures.

10103. For the purpose of the triennial review of applicable water quality standards pursuant to Section 303(c)(1) of the Clean Water Act (33 U.S.C. Sec. 1313 (c)(1)), the State Water Resources Control Board and each California regional water quality control board shall consider, to the extent practicable, the reasonably foreseeable effects of climate change on the water quality of the

basin, based on the applicable information made available pursuant to subdivision (b) of Section 10101 and other information that the State Water Resources Control Board or the California regional water quality control board deems relevant and reliable.

10104. (a) On and after July 1, 2009, an urban water supplier that is required to prepare a plan pursuant to Part 2.6 (commencing with Section 10610) shall do all of the following:

(1) Request or otherwise obtain from the department the information regarding climate change and water supply made available pursuant to subdivision (b) of Section 10101.

(2) Identify, to the extent practicable, the possible effects of climate change on its water supply projections based on the information made available pursuant to subdivision (b) of Section 10101 or other relevant information if the supplier deems that information reasonably reliable.

(3) Consider the information regarding climate change and water supply made available pursuant to subdivision (b) of Section 10101 or other information if the supplier deems that information reasonably reliable in describing the reliability of its water supply pursuant to subdivision (c) of Section 10631 and the reliability of water service to its customers pursuant to Section 10635.

(b) On and after January 1, 2010, an agricultural water supplier that is required to prepare a plan pursuant to Part 2.8 (commencing with Section 10800) shall do all of the following:

(1) Request or otherwise obtain from the department the information regarding climate change and water supply made available pursuant to subdivision (b) of Section 10101.

(2) Consider the information regarding climate change and water supply made available pursuant to subdivision (b) of Section 10101 or other relevant information if the supplier deems that information reasonably reliable in describing the quantity and source of water delivered to, and by, the supplier.

(c) If the information described in subdivision (b) of Section 10101 is not available or does not apply to a supplier described in subdivision (a) or (b), the supplier is not subject to the requirements of this section and the governing board of a supplier specified in subdivision (a) or (b) shall adopt a written statement stating that the information described in subdivision (b) of Section 10101 is not available or does not apply to the supplier.

SEC. 3. Division 33 (commencing with Section 83000) is added to the Water Code, to read:

DIVISION 33. INTEGRATED WATER SUPPLY AND FLOOD PROTECTION PLANNING, DESIGN, AND IMPLEMENTATION

83000. The Legislature hereby finds and declares all of the following:

(a) Water is vital to the economy, environment, and overall well-being of the state.

(b) California faces increasing challenges in managing its water supply due to climate change, uncertainty regarding the availability of water from the Sacramento-San Joaquin Delta and other sources, an increasing state population, limitations on public funds, and other factors.

(c) California must adopt a new, updated, and comprehensive set of water planning, design, and implementation policies that reflect

these realities to protect its water supply future.

(d) In the past, state laws, funding schemes, and administrative actions have treated the planning, construction, and operation of water supply, groundwater, and flood control systems as separate and distinct activities, thereby reducing efficiency and water supply reliability.

(e) California has not taken full advantage of the cost savings, the environmental benefits, or the expediency of more efficient operations and usage of existing water supply, storage, and flood protection facilities.

(f) It is the policy of the state to more effectively integrate its flood protection systems with its water supply and conveyance systems in order to conserve limited public dollars, increase the available water supply, improve water quality, increase wildlife and ecosystem protections, protect public health and safety, and address the effects of climate change.

(g) The purpose of this division is to require the integration of flood protection and water systems to achieve multiple public benefits, including all of the following:

(1) Increasing water supply reliability in the least costly, most efficient, and most reliable manner to meet current and future state needs.

(2) Increasing use of water use efficiency and water conservation measures to increase and extend existing water supplies.

(3) Reducing energy consumption associated with water transport, thereby reducing state greenhouse gas emissions.

(4) Improving water management to protect and restore ecosystems and wildlife habitat.

83001. In order to provide the least costly, most efficient, and reliable water supply to a growing state, it is the intent of the Legislature that the department accomplish the following objectives:

(a) Integrate state flood protection and water supply systems.

(b) Promote conjunctive use of groundwater storage capacity to improve overall water supply and flood system operation.

(c) Promote increased water use efficiency through expanded use of water conservation, water recycling, and improvements in technology.

83002. The sum of six hundred ten million eight hundred ninety thousand dollars ($610,890,000) is hereby appropriated as follows:

(a) Of the funds made available pursuant to Chapter 1.699 (commencing with Section 5096.800) of Division 5 of the Public Resources Code, the sum of two hundred million dollars ($200,000,000) is hereby appropriated as follows:

(1) Pursuant to subdivision (c) of Section 5096.821 of the Public Resources Code, the sum of fifty million dollars ($50,000,000) to the department for the acquisition, design, and construction of essential emergency preparedness supplies and projects in accordance with that subdivision. Prior to the design or construction of any project funded pursuant to this paragraph, the California Bay-Delta Authority, or its successor, shall approve the specific project or program.

(2) Pursuant to Section 5096.827 of the Public Resources Code, the sum of one hundred fifty million dollars ($150,000,000) to the department for grants for stormwater flood management projects that reduce the risk of flood damage and provide other benefits, including groundwater recharge, water quality improvement, and ecosystem restoration. Not less than one hundred million dollars ($100,000,000)

of this amount shall be available for projects that address immediate public health and safety needs, strengthen existing flood control facilities to address seismic safety issues, meet immediate water quality needs related to combined municipal sewer and stormwater systems to prevent sewage discharges into state waters, or for stormwater flood protection projects protecting public safety and property from flood events.

(b) Of the funds made available pursuant to Division 43 (commencing with Section 75001) of the Public Resources Code, the sum of three hundred ninety-seven million four hundred thousand dollars ($397,400,000) is hereby appropriated as follows:

(1) Pursuant to Section 75022 of the Public Resources Code, the sum of fifty million dollars ($50,000,000) to the State Department of Public Health for grants for small community drinking water system infrastructure improvements and related actions to meet safe drinking water standards. First priority for these funds shall be given to disadvantaged or severely disadvantaged communities lacking resources to provide safe drinking water to residents. Small community drinking water systems that are dependent on surface water and are under orders from the State Department of Public Health to boil water from existing treatment systems for parasites, viruses, or giardia shall be eligible for grants for drinking water system infrastructure improvements.

(2) Pursuant to Section 75025 of the Public Resources Code, the sum of fifty million four hundred thousand dollars ($50,400,000) to the State Department of Public Health for grants for projects to prevent or reduce the contamination of groundwater that serves as a source of drinking water. Funds appropriated by this paragraph shall be available for projects immediately needed to protect public health by preventing or reducing the contamination of groundwater that serves as a major source of drinking water for a community.

(A) The State Department of Public Health shall prioritize project funding based on the following criteria:

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

(ii) The potential for groundwater contamination to spread and reduce drinking water supply and water storage capacity for major population areas.

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

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

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

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

(ii) Affected groundwater provides a local supply that, if contaminated, will require the importation of additional water from the Sacramento-San Joaquin Delta or the Colorado River.

(iii) The project will serve an economically disadvantaged community.

(iv) Multiple contaminants affect more than one-third of the well capacity of a local water system.

(C) Of the amount made available by this section, up to ten

million dollars ($10,000,000) shall be available for projects that meet the criteria of this section and both of the following criteria:

(i) The potential to leverage funds.

(ii) 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.).

(D) Of the funds appropriated by this paragraph, two million dollars ($2,000,000) shall be allocated to the State Department of Public Health to contract with the State Water Resources Control Board for the purposes of Section 83003.

(3) Pursuant to Section 75026 of the Public Resources Code, the sum of forty million dollars ($40,000,000) to the department for planning grants and local groundwater assistance grants.

(4) Pursuant to subdivision (d) of Section 75029 of the Public Resources Code, the sum of fifty million dollars ($50,000,000) to the department for projects that improve the quality of the drinking water supply from the Sacramento-San Joaquin Delta in accordance with that subdivision.

(5) Pursuant to Section 75033 of the Public Resources Code, the sum of one hundred sixty million dollars ($160,000,000) to the department and the Central Valley Flood Protection Board, as follows:

(A) Sixty million dollars ($60,000,000) to increase the department's ability to respond to levee breaches and to reduce the potential for levee failure, including, but not limited to, the following:

(i) Acquisition and positioning of emergency construction materials and equipment.

(ii) Emergency projects to prevent levee failure or repair levees or other flood control facilities to restore conveyance and flood protection.

(iii) Preparation for, and implementation of, a delta emergency operations plan.

(iv) Emergency contracts for activities relating to a flood fight or levee failure to prevent or mitigate loss of, or damage to, life, health, property, or essential public services.

(B) One hundred million dollars ($100,000,000) for the acquisition, preservation, protection, and restoration of Sacramento-San Joaquin Delta resources in accordance with Section 75033. The department shall expend these funds pursuant to priorities that reflect the value of the resources and land uses protected by the levees to the state as a whole, consistent with the Delta Vision. Projects shall be selected to improve the stability of the delta levee system, reduce subsidence, and assist in restoring the ecosystem of the delta. Priority shall be given to projects that improve conditions for delta smelt and other native fish without regard to long-term decisions as to the management and conveyance of water south of the Delta, including, but not limited to, all of the following projects:

(i) Restoration of floodplain habitat and fish migration through the Yolo Bypass.

(ii) Restoration of tidal marsh in Suisun Marsh.

(iii) Expedited implementation of Dutch Slough tidal marsh restoration project.

(iv) Acquisition and restoration of Decker Island.

(v) Restoration and enhancement of the Cache Slough region.

(vi) Implementation of the McCormack Williamson Tract flood control and ecosystem restoration project.

(6) Pursuant to Chapter 4 (commencing with Section 75041) of Division 43 of the Public Resources Code, the sum of forty-seven million dollars ($47,000,000) to the department as follows:

(A) (i) Twelve million dollars ($12,000,000) to complete the planning and feasibility studies associated with new surface storage under the California Bay-Delta Program.

(ii) The planning and feasibility studies shall include the following information:

(I) The identification of specific construction and operation conditions proposed for each surface storage facility, including consideration of climate change, an estimated schedule for the construction and completion of each project funded under Section 75041, and the total costs of constructing each project.

(II) A description of the estimated total costs to construct each project and an allocation of the costs to public and private beneficiaries.

(iii) Any feasibility study conducted or funded by the state for new surface storage under the California Bay-Delta Program shall evaluate funded projects consistent with all statutory and other legally established requirements for the protection of environmental and natural resources, including protections for the McCloud River pursuant to Section 5093.542 of the Public Resources Code.

(iv) The planning and feasibility studies shall be prepared and submitted to the Governor and the Legislature no later than December 31, 2008.

(B) (i) Fifteen million dollars ($15,000,000) for planning and feasibility studies to identify potential options for the reoperation of the state's flood protection and water supply systems that will optimize the use of existing facilities and groundwater storage capacity.

(ii) The studies shall incorporate appropriate climate change scenarios and be designed to determine the potential to achieve the following objectives:

(I) Integration of flood protection and water supply systems to increase water supply reliability and flood protection, improve water quality, and provide for ecosystem protection and restoration.

(II) Reoperation of existing reservoirs, flood facilities, and other water facilities in conjunction with groundwater storage to improve water supply reliability, flood control, and ecosystem protection and to reduce groundwater overdraft.

(III) Promotion of more effective groundwater management and protection and greater integration of groundwater and surface water resource uses.

(IV) Improvement of existing water conveyance systems to increase water supply reliability, improve water quality, expand flood protection, and protect and restore ecosystems.

(C) Ten million dollars ($10,000,000)and authorization for up to 10 personnel to begin addressing how the state water system should respond to climate change, pursuant to the Climate Change and Water Resource Protection Act of 2008 (Part 1.6 (commencing with Section 10100) of Division 6). Consistent with that act, such funding shall be used to evaluate climate change impacts, develop strategies to adapt to climate change impacts, and identify strategies to reduce

greenhouse gas emissions related to the storage, conveyance, and distribution of water. Of the amount made available by this subparagraph, the department shall make available two million dollars ($2,000,000) to the State Water Resources Control Board for its participation in these efforts. The department may transfer funds to other state agencies and may provide local assistance to local water agencies for participation in these efforts.

(D) Ten million dollars ($10,000,000) for planning and feasibility studies to implement the Delta Vision.

(c) Of the funds made available pursuant to subdivision (a) of Section 79550, the sum of three million four hundred ninety thousand dollars ($3,490,000) is hereby appropriated to the department for planning and feasibility studies associated with surface storage under the California Bay-Delta Program.

83003. To improve understanding of the causes of groundwater contamination, identify potential solutions and funding sources to clean up or treat groundwater, and ensure the provision of safe drinking water to all communities, the State Water Resources Control Board, in consultation with other agencies as specified in this section, shall develop pilot projects in the Tulare Lake Basin and the Salinas Valley that focus on nitrate contamination and do all of the following:

(a) (1) In collaboration with relevant agencies and utilizing existing data, including groundwater ambient monitoring and assessment results along with the collection of new information as needed, do all of the following:

(A) Identify sources, by category of discharger, of groundwater contamination due to nitrates in the pilot project basins.

(B) Estimate proportionate contributions to groundwater contamination by source and category of discharger.

(C) Identify and analyze options within the board's current authority to reduce current nitrate levels and prevent continuing nitrate contamination of these basins and estimate the costs associated with exercising existing authority.

(2) In collaboration with the State Department of Public Health, do all of the following:

(A) Identify methods and costs associated with the treatment of nitrate contaminated groundwater for use as drinking water.

(B) Identify methods and costs to provide an alternative water supply to groundwater reliant communities in each pilot project basin.

(3) Identify all potential funding sources to provide resources for the cleanup of nitrates, groundwater treatment for nitrates, and the provision of alternative drinking water supply, including, but not limited to, state bond funding, federal funds, water rates, and fees or fines on polluters.

(4) Develop recommendations for developing a groundwater cleanup program for the Central Valley Water Quality Control Region and the Central Coast Water Quality Control Region based upon pilot project results.

(b) Create an interagency task force, as needed, to oversee the pilot projects and develop recommendations for the Legislature. The interagency task force may include the board, the State Department of Public Health, the Department of Toxic Substances Control, the California Environmental Protection Agency, the department, local public health officials, the Department of Food and Agriculture, and

the Department of Pesticide Regulation.

(c) Submit a report to the Legislature on the scope and findings of the pilot projects, including recommendations, within two years of receiving funding.

(d) Implement recommendations in the Central Coast Water Quality Control Region and the Central Valley Water Quality Control Region pursuant to paragraph (4) of subdivision (a) within two years of submitting the report described in subdivision (c) to the Legislature.

83004. Up to 5 percent of the funds appropriated by this division may be expended to pay the costs incurred in the administration of that program.

83005. Funds appropriated by this division shall only be available for encumbrance until June 30, 2010. On January 10, 2009, any program that is the recipient of an appropriation made by this division shall report to the fiscal committees of the Legislature on the details of all committed and anticipated expenditures of these funds. The report shall include all of the following information:

(a) Fiscal detail of state operations support and local assistance costs.

(b) A general description of the project and the project funding made available by an appropriation in the annual Budget Act for the 2009-10 fiscal year or proposed to be made available in the annual Budget Act for the 2009-10 fiscal year.

(c) A description of the manner in which funds have been expended and a plan for the future expenditure of funds.

(d) An anticipated timeframe for the full expenditure of the appropriation.

(e) An anticipated timeframe for the full completion of the designated project.

(f) The amount of total matching project funding that is being provided by an entity other than the state.

83006. The Legislature further finds and declares the following:

(a) At the November 7, 2006, statewide general election, the voters approved nine billion five hundred thousand dollars ($9,000,500,000) in general obligation bonding authority to improve flood protection, water supply reliability, water quality, fish and wildlife, parks and open space, and other natural resources. This is in addition to the eleven billion one hundred thousand dollars ($11,000,100,000) previously authorized by the voters since 1996 for similar uses.

(b) The Legislative Analyst reports that at the end of the 2006-07 fiscal year, more than one billion two hundred thousand dollars ($1,000,200,000) of the previously authorized eleven billion one hundred thousand dollars ($11,000,100,000) had not been appropriated or otherwise committed for voter-approved uses.

(c) The proceeds of bonds approved by the voters of the state for water and natural resources should be appropriated and expended for those uses, as directed by the voters.