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AB-1531 State Water Resources Control Board. (2015-2016)

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Assembly Bill No. 1531

CHAPTER 673

An act to amend Sections 6103.4 and 53082.5 of the Government Code, to amend Sections 116270, 116275, 116551, 116650, 116655, 116735, 116751, 116760.20, 116761.20, 116761.65, and 117125 of, to add Sections 116365.03, 116701, and 116760.38 to, to repeal Section 116379 of, and to repeal and add Section 116761.70 of, the Health and Safety Code, and to amend Sections 13176, 13177, 13177.5, 13177.6, 13178, 13181, 13275, 13285, 13304.1, 13392, 13392.5, 13393.5, 13400, 13426, 13476, 13477.6, 13480, and 79702 of, to add Section 79726 to, and to repeal Section 13331.2 of, the Water Code, relating to water, and making an appropriation therefor.

[Approved by Governor October 09, 2015. Filed with Secretary of State October 09, 2015.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1531, Committee on Environmental Safety and Toxic Materials. State Water Resources Control Board.

(1) Existing law, the California Safe Drinking Water Act (state act), requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. The state board's duties include, but are not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act (federal act), and adopting and enforcing regulations. Existing law requires the state board to appoint a deputy director to oversee the issuance and enforcement of public water system permits and delegates certain authorities of the state board to the deputy director.

This bill would authorize the state board to adopt as an emergency regulation, a regulation that is not more stringent than, and is not materially different in substance and effect than, the requirements of a regulation promulgated under the federal act, with a specified exception. The bill would require that these emergency regulations not be subject to review by the Office of Administrative Law and remain in effect until revised by the state board.

The state act authorizes the deputy director to issue an order directing certain actions whenever the deputy director determines that a person has violated or is violating the act, or any permit, regulation, or standard issued or adopted pursuant to the act. The act authorizes an aggrieved party 30 days after service of a copy of the order or decision to file with the superior court a petition for a writ of mandate for review of the order or decision.

The bill would authorize, within 30 days of issuance of a certain order or decision issued by the deputy director, an aggrieved person to petition the state board for reconsideration and would authorize the state board to refuse to reconsider the order or decision, to deny the petition, or to set aside or modify the order or decision, as specified. The bill would provide that the filing of a petition for reconsideration is an administrative remedy that must be exhausted before filing a petition for writ of mandate.

The state act authorizes the state board to take certain actions relating to the inspection of public water systems, including inspecting and copying any records, reports, test results, or other information required to carry out the provisions of the act.

Existing law makes it a crime for any person to knowingly commit certain acts, including making a false statement or representation in any application, record, report, or other document submitted, maintained, or used for the purposes of compliance with the act or withholding information requested by the state board regarding imminent and substantial danger to the public health or safety, as specified.

This bill would require an owner of a public water system to provide to the state board reports, test results, and certain other information within 15 business days of receiving a request for those records from a duly authorized representative of the state board. To the extent that a person knowingly makes a false statement or representation when providing these reports, results, or information to the state board, this bill would expand the scope of a crime and thereby impose a state-mandated local program.

This bill would declare the intent of the Legislature that the state act be construed to ensure consistency with the requirements for states to obtain and maintain primary enforcement responsibility for public water systems under the federal act.

(2) Existing law generally grants various powers to cities, counties, and certain special districts, including the power to issue bonds and incur indebtedness for certain purposes and subject to certain restrictions. Existing law authorizes counties, cities, and special districts that provide or intend to provide wastewater treatment facilities or services, subject to applicable constitutional restrictions, to borrow money and incur indebtedness for purposes of the State Water Pollution Control Revolving Fund.

Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, continuously appropriates state and federal funds in the Safe Drinking Water State Revolving Fund to the State Water Resources Control Board for grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards. The revolving fund law defines "public agency," for purposes of the act, to mean a city, county, city and county, joint powers authority, or other political subdivision of the state, that owns or operates a public water system.

This bill would expand the definition of "public agency" to include a municipality, as defined in the federal act. The bill would extend the authorization to borrow money and incur indebtedness to cities, counties, and special districts that provide or intend to provide water treatment facilities or services and for purposes of the Safe Drinking Water State Revolving Fund or the California Safe Drinking Water Act.

This bill would require certain funds, appropriated and available for grants and loans for public water system infrastructure improvements and related actions, as specified, to be available for deposit in the revolving fund for the purpose of providing the state share needed to leverage federal funds to assist communities in providing safe drinking water.

The revolving fund law requires the state board to annually establish the interest rate for repayable financing made pursuant to these provisions, as specified. The revolving fund law authorizes the State Water Resources Control Board to undertake certain actions to implement the revolving fund law, including engaging in the transfer of capitalization grant funds, as specified. Existing law prohibits more than 4% of the capitalization grant from being used by the state board for administering the revolving fund law and authorizes the state board to establish a reasonable schedule for administrative fees to be paid by the grant applicant to reimburse the state for the costs of the administration of these provisions.

The bill would delete the requirement that the state board establish the interest rate annually and would instead authorize the state board to adjust the interest rate periodically. The bill would delete the prohibition against using more than 4% of the capitalization grant for administering the Safe Drinking Water Revolving Fund Law and would delete the authorization permitting the state board to establish a reasonable schedule for administrative fees. The bill would instead create the Safe Drinking Water State Revolving Fund Administrative Fund and would require moneys transferred to pay for the costs incurred by the state board for administering the act, moneys collected for financial assistance services, and interest earned upon these moneys to be deposited into the fund. The bill would authorize, where financial assistance is made and is to be repaid to the state board, the state board to assess an annual charge for financial assistance services, not to exceed 1% of the financial assistance balance. The bill would make moneys in the administration fund available to the state board, upon appropriation by the Legislature, for payment of reasonable costs of administering the fund. The bill would require the state board to set the total amount of revenue that is collected each year through the annual charge for financial assistance services at an amount that is equal as practicable to the appropriation amount set forth in the annual Budget Act. The bill would require, at least once each fiscal year, the state board to adjust the financial assistance service charge to conform with the annual Budget Act.

Existing law requires the state board to determine what portion of the full costs a public agency or private not-for-profit water company is capable of repaying, and authorizes the state board, to the extent the state board finds that the public agency or not-for-profit water company is able to repay the full costs of the financing, to authorize a grant or principal forgiveness. Notwithstanding those and other specified provisions, existing law deems a small community water system or nontransient noncommunity water system that is owned by a public agency or a private not-for-profit water company and serving a severely disadvantaged community to have no ability to repay any financing.

This bill would, notwithstanding those same provisions, instead deem a public agency or private not-for-profit water company that serves a severely disadvantaged community with fewer than 200 service connections and that owns a small community water system or nontransient noncommunity water system to have no ability to repay any financing, as specified.

Existing law creates the State Water Pollution Control Revolving Fund Small Community Grant Fund in the State Treasury, and requires moneys from specified sources to be deposited in the grant fund. Existing law requires a specified amount of money to be available for deposit in the State Water Pollution Control Revolving Fund Small Community Grant Fund for grants for wastewater treatment projects.

This bill would specifically require those moneys to be deposited in the grant fund, and would authorize those moneys to be expended for technical assistance, as specified, in addition to other specified uses.

(3) Existing law, the Porter-Cologne Water Quality Control Act, establishes the State Water Pollution Control Revolving Fund program pursuant to which state and federal funds are continuously appropriated from the State Water Pollution Control Revolving Fund to the state board for permissible purposes authorized by the federal Clean Water Act or a federal capitalization grant deposited into the fund, including loans and other financial assistance for the construction of publicly owned treatment works by a municipality, the implementation of a management program, the development and implementation of a conservation and management plan, and other related purposes in accordance with the federal Clean Water Act and the Porter-Cologne Water Quality Control Act.

This bill would instead require that moneys in the fund be used only for purposes allowed by the federal Clean Water Act or a federal grant, and would delete the specifications of the types of projects and programs eligible for this financial assistance. By allowing moneys in the fund to be used for purposes allowed by a federal grant, thereby expanding the purposes for which moneys in a continuously appropriated revolving fund may be expended, this bill would make an appropriation.

Existing law requires the loans to meet certain criteria, including full amortization not later than 20 years after project completion, unless otherwise authorized by a federal capitalization grant deposited into the fund. Existing law also authorizes loan forgiveness to the extent it is authorized by a federal capitalization grant deposited into the fund.

The bill would extend the loan amortization requirement to not later than 30 years after project completion unless otherwise authorized by a federal grant deposited in the fund and would authorize loan forgiveness to the extent it is authorized by a federal grant deposited into the fund without regard to whether it is a capitalization grant.

Existing law also authorizes moneys in the fund to be used for payment of the reasonable cost of administering the fund and conducting certain activities relating to the federal Clean Water Act. Existing law prohibits those costs from exceeding 4% of all federal contributions into the fund except, if permitted by federal and state law, interest payments into the fund and other moneys into the fund are authorized to be used to defray additional administrative and activity costs.

The bill would instead prohibit the costs used for administering the fund and conducting the federal Clean Water Act activities from exceeding 4% of all federal contributions in the fund, \$400,000 per year, or $\frac{1}{5}$ of 1% per year of the current valuation of the fund, whichever is greater, plus the amount of fees collected by the state for these purposes, regardless of source.

(4) This bill would make various nonsubstantive changes, including repealing obsolete provisions and updating cross-references.

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

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

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: yes

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

SECTION 1. Section 6103.4 of the Government Code is amended to read:

6103.4. Section 6103 does not apply to any fee or charge for official services required by any of the following:

(a) The Environmental Laboratory Accreditation Act (Article 3 (commencing with Section 100825) of Chapter 4 of Part 1 of Division 101 of the Health and Safety Code).

(b) Article 3 (commencing with Section 106875) of Chapter 4 of Part 1 of Division 104 of the Health and Safety Code.

(c) The California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code).

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

(e) Article 2 (commencing with Section 116800) and Article 3 (commencing with Section 116825) of Chapter 5 of Part 12 of Division 104 of the Health and Safety Code.

(f) Part 5 (commencing with Section 4999) of Division 2 of the Water Code.

(g) Division 7 (commencing with Section 13000) of the Water Code.

SEC. 2. Section 53082.5 of the Government Code is amended to read:

53082.5. Subject to all applicable constitutional restrictions, a county, a city, or a special district that provides, or intends to provide, water or wastewater treatment facilities or services may borrow money and incur indebtedness pursuant to Chapter 4.5 (commencing with Section 116760) of Part 12 of Division 104 of the Health and Safety Code or Chapter 6.5 (commencing with Section 13475) of Division 7 of the Water Code.

SEC. 3. Section 116270 of the Health and Safety Code is amended to read:

116270. The Legislature finds and declares all of the following:

(a) Every resident of California has the right to pure and safe drinking water.

(b) Feasible and affordable technologies are available and shall be used to remove toxic contaminants from public water supplies.

(c) According to the State Department of Health Services, over 95 percent of all large public water systems in California are in compliance with health-based action levels established by the department for various contaminants.

(d) It is the policy of the state to reduce to the lowest level feasible all concentrations of toxic chemicals that, when present in drinking water, may cause cancer, birth defects, and other chronic diseases.

(e) This chapter is intended to ensure that the water delivered by public water systems of this state shall at all times be pure, wholesome, and potable. This chapter provides the means to accomplish this objective.

(f) It is the intent of the Legislature to improve laws governing drinking water quality, to improve upon the minimum requirements of the federal Safe Drinking Water Act Amendments of 1996, to establish primary drinking water standards that are at least as stringent as those established under the federal Safe Drinking Water Act, and to establish a program under this chapter that is more protective of public health than the minimum federal requirements.

(g) It is the further intent of the Legislature to establish a drinking water regulatory program within the state board to provide for the orderly and efficient delivery of safe drinking water within the state and to give the establishment of drinking water standards and public health goals greater emphasis and visibility within the state.

(h) This act shall be construed to ensure consistency with the requirements for states to obtain and maintain primary enforcement responsibility for public water systems under the federal Safe Drinking Water Act and acts amendatory thereof or supplementary thereto.

SEC. 4. Section 116275 of the Health and Safety Code is amended to read:

116275. As used in this chapter:

(a) "Contaminant" means any physical, chemical, biological, or radiological substance or matter in water.

(b) "Department" means the state board.

(c) "Primary drinking water standards" means:

(1) Maximum levels of contaminants that, in the judgment of the state board, may have an adverse effect on the health of persons.

(2) Specific treatment techniques adopted by the state board in lieu of maximum contaminant levels pursuant to subdivision (j) of Section 116365.

(3) The monitoring and reporting requirements as specified in regulations adopted by the state board that pertain to maximum contaminant levels.

(d) "Secondary drinking water standards" means standards that specify maximum contaminant levels that, in the judgment of the state board, are necessary to protect the public welfare. Secondary drinking water standards may apply to any contaminant in drinking water that may adversely affect the odor or appearance of the water and may cause a substantial number of persons served by the public water system to discontinue its use, or that may otherwise adversely affect the public welfare. Regulations establishing secondary drinking water standards may vary according to geographic and other circumstances and may apply to any contaminant in drinking water that adversely affects the taste, odor, or appearance of the water when the standards are necessary to ensure a supply of pure, wholesome, and potable water.

(e) "Human consumption" means the use of water for drinking, bathing or showering, hand washing, oral hygiene, or cooking, including, but not limited to, preparing food and washing dishes.

(f) "Maximum contaminant level" means the maximum permissible level of a contaminant in water.

(g) "Person" means an individual, corporation, company, association, partnership, limited liability company, municipality, public utility, or other public body or institution.

(h) "Public water system" means a system for the provision of water for human consumption through pipes or other constructed conveyances that has 15 or more service connections or regularly serves at least 25 individuals daily at least 60 days out of the year. A public water system includes the following:

(1) Any collection, treatment, storage, and distribution facilities under control of the operator of the system that are used primarily in connection with the system.

(2) Any collection or pretreatment storage facilities not under the control of the operator that are used primarily in connection with the system.

(3) Any water system that treats water on behalf of one or more public water systems for the purpose of rendering it safe for human consumption.

(i) "Community water system" means a public water system that serves at least 15 service connections used by year-long residents or regularly serves at least 25 year-long residents of the area served by the system.

(j) "Noncommunity water system" means a public water system that is not a community water system.

(k) "Nontransient noncommunity water system" means a public water system that is not a community water system and that regularly serves at least 25 of the same persons over six months per year.

(l) "Local health officer" means a local health officer appointed pursuant to Section 101000 or a local comprehensive health agency designated by the board of supervisors pursuant to Section 101275 to carry out the drinking water program.

(m) "Significant rise in the bacterial count of water" means a rise in the bacterial count of water that the state board determines, by regulation, represents an immediate danger to the health of water users.

(n) "State small water system" means a system for the provision of piped water to the public for human consumption that serves at least five, but not more than 14, service connections and does not regularly serve drinking water to more than an average of 25 individuals daily for more than 60 days out of the year.

(o) "Transient noncommunity water system" means a noncommunity water system that does not regularly serve at least 25 of the same persons over six months per year.

(p) "User" means a person using water for domestic purposes. User does not include a person processing, selling, or serving water or operating a public water system.

(q) "Waterworks standards" means regulations adopted by the state board entitled "California Waterworks Standards" (Chapter 16 (commencing with Section 64551) of Division 4 of Title 22 of the California Code of Regulations).

(r) "Local primacy agency" means a local health officer that has applied for and received primacy delegation pursuant to Section 116330.

(s) "Service connection" means the point of connection between the customer's piping or constructed conveyance, and the water system's meter, service pipe, or constructed conveyance. A connection to a system that delivers water by a constructed conveyance other than a pipe shall not be considered a connection in determining if the system is a public water system if any of the following apply:

(1) The water is used exclusively for purposes other than residential uses, consisting of drinking, bathing, and cooking, or other similar uses.

(2) The state board determines that alternative water to achieve the equivalent level of public health protection provided by the applicable primary drinking water regulation is provided for residential or similar uses for drinking and cooking.

(3) The state board determines that the water provided for residential or similar uses for drinking, cooking, and bathing is centrally treated or treated at the point of entry by the provider, a passthrough entity, or the user to achieve the equivalent level of protection provided by the applicable primary drinking water regulations.

(t) "Resident" means a person who physically occupies, whether by ownership, rental, lease, or other means, the same dwelling for at least 60 days of the year.

(u) "Water treatment operator" means a person who has met the requirements for a specific water treatment operator grade pursuant to Section 106875.

(v) "Water treatment operator-in-training" means a person who has applied for and passed the written examination given by the state board but does not yet meet the experience requirements for a specific water treatment operator grade pursuant to Section 106875.

(w) "Water distribution operator" means a person who has met the requirements for a specific water distribution operator grade pursuant to Section 106875.

(x) "Water treatment plant" means a group or assemblage of structures, equipment, and processes that treats, blends, or conditions the water supply of a public water system for the purpose of meeting primary drinking water standards.

(y) "Water distribution system" means any combination of pipes, tanks, pumps, and other physical features that deliver water from the source or water treatment plant to the consumer.

(z) "Public health goal" means a goal established by the Office of Environmental Health Hazard Assessment pursuant to subdivision (c) of Section 116365.

(aa) "Small community water system" means a community water system that serves no more than 3,300 service connections or a year-long population of no more than 10,000 persons.

(ab) "Disadvantaged community" means the entire service area of a community water system, or a community therein, in which the median household income is less than 80 percent of the statewide average.

(ac) "State board" means the State Water Resources Control Board.

(ad) "Deputy director" means the deputy director appointed by the state board pursuant to subdivision (k) of Section 116271.

SEC. 5. Section 116365.03 is added to the Health and Safety Code, to read:

116365.03. The state board may adopt as an emergency regulation, a regulation, except a regulation that establishes maximum contaminant levels for primary and secondary drinking water standards, that is not more stringent than, and is not materially different in substance and effect than, the requirements of a regulation promulgated pursuant to the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.). The adoption of a regulation pursuant to this section is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, an emergency regulation adopted by the state board pursuant to this section is not subject to review by the Office of Administrative Law and shall remain in effect until revised by the state board.

SEC. 6. Section 116379 of the Health and Safety Code is repealed.

SEC. 7. Section 116551 of the Health and Safety Code is amended to read:

116551. The state board shall not issue a permit to a public water system or amend a valid existing permit for the use of a reservoir as a source of supply that is directly augmented with recycled water, as defined in subdivision (n) of Section 13050 of the Water Code, unless the state board does all of the following:

(a) Performs an engineering evaluation that evaluates the proposed treatment technology and finds that the proposed technology will ensure that the recycled water meets all applicable primary and secondary drinking water standards and poses no significant threat to public health.

(b) Holds at least three duly noticed public hearings in the area where the recycled water is proposed to be used or supplied for human consumption to receive public testimony on that proposed use. The state board shall make available to the public, not less than 10 days prior to the date of the first hearing held pursuant to this subdivision, the evaluations and findings made pursuant to subdivision (a).

SEC. 8. Section 116650 of the Health and Safety Code is amended to read:

116650. (a) If the state board determines that a public water system is in violation of this chapter or any regulation, permit, standard, citation, or order issued or adopted thereunder, the state board may issue a citation to the public water system. The citation shall be served upon the public water system personally or by certified mail. Service shall be deemed effective as of the date of personal service or the date of receipt of the certified mail. If a person to whom a citation is directed refuses to accept delivery of the certified mail, the date of service shall be deemed to be the date of mailing.

(b) Each citation shall be in writing and shall describe the nature of the violation or violations, including a reference to the statutory provision, standard, order, citation, permit, or regulation alleged to have been violated.

(c) A citation may specify a date for elimination or correction of the condition constituting the violation.

(d) A citation may include the assessment of a penalty as specified in subdivision (e).

(e) The state board may assess a penalty in an amount not to exceed one thousand dollars (\$1,000) per day for each day that a violation occurred, and for each day that a violation continues to occur. A separate penalty may be assessed for each violation and shall be in addition to any liability or penalty imposed under any other law.

SEC. 9. Section 116655 of the Health and Safety Code is amended to read:

116655. (a) Whenever the state board determines that any person has violated or is violating this chapter, or any order, permit, regulation, or standard issued or adopted pursuant to this chapter, the state board may issue an order doing any of the following:

- (1) Directing compliance forthwith.
- (2) Directing compliance in accordance with a time schedule set by the state board.
- (3) Directing that appropriate preventive action be taken in the case of a threatened violation.

(b) An order issued pursuant to this section may include, but shall not be limited to, any or all of the following requirements:

- (1) That the existing plant, works, or system be repaired, altered, or added to.
- (2) That purification or treatment works be installed.
- (3) That the source of the water supply be changed.
- (4) That no additional service connection be made to the system.
- (5) That the water supply, the plant, or the system be monitored.
- (6) That a report on the condition and operation of the plant, works, system, or water supply be submitted to the state board.

SEC. 10. Section 116701 is added to the Health and Safety Code, to read:

116701. (a) Within 30 days of issuance of an order or decision issued by the deputy director under Article 8 (commencing with Section 116625) or Article 9 (commencing with Section 116650), an aggrieved person may petition the state board for reconsideration. Where the order or decision of the deputy director is issued after a hearing under Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, this section shall apply instead of Section 11521 of the Government Code.

(b) The petition shall include the name and address of the petitioner, a copy of the order or decision for which the petitioner seeks reconsideration, identification of the reason the petitioner alleges the issuance of the order was inappropriate or improper, the specific action the petitioner requests, and other information as the state board may prescribe. The petition shall be accompanied by a statement of points and authorities of the legal issues raised by the petition.

(c) The evidence before the state board shall consist of the record before the deputy director and any other relevant evidence that, in the judgment of the state board, should be considered to implement the policies of this chapter. The state board may, in its discretion, hold a hearing for receipt of additional evidence.

(d) The state board may refuse to reconsider the order or decision if the petition fails to raise substantial issues that are appropriate for review, may deny the petition upon a determination that the issuance of the order or decision was appropriate and proper, may set aside or modify the order or decision, or take other appropriate action. The state board's action pursuant to this subdivision shall constitute the state board's completion of its reconsideration.

(e) The state board, upon notice and hearing, if a hearing is held, may stay in whole or in part the effect of the order or decision of the deputy director.

(f) If an order of the deputy director is subject to reconsideration under this section, the filing of a petition for reconsideration is an administrative remedy that must be exhausted before filing a petition for writ of mandate under Section 116625 or 116700.

SEC. 11. Section 116735 of the Health and Safety Code is amended to read:

116735. (a) (1) In order to carry out the purposes of this chapter, a duly authorized representative of the state board may, at a reasonable hour of the day, do any of the following:

(A) Enter and inspect a public water system or a place where the public water system records are stored, kept, or maintained.

(B) Inspect and copy records, reports, test results, or other information required to carry out this chapter.

(C) Set up and maintain monitoring equipment for purposes of assessing compliance with this chapter.

(D) Obtain samples of the water supply.

(E) Photograph a portion of the system, activity, or a sample taken.

(2) An owner of a public water system shall provide to the state board reports, test results, and other information required to carry out this chapter within 15 business days of receiving a request for those records from a duly authorized representative of the state board.

(b) The state board shall inspect each public water system as follows:

(1) A system with any surface water source with treatment shall be inspected annually.

(2) A system with any groundwater source subject to treatment with only groundwater sources shall be inspected biennially.

(3) A system with only groundwater sources not subject to treatment shall be inspected every three years.

(c) Nothing in this section shall prohibit the state board from inspecting public water systems on a more frequent basis. An opportunity shall be provided for a representative of the public water system to accompany the representative of the state board during the inspection of the water system.

(d) It shall be a misdemeanor for a person to prevent, interfere with, or attempt to impede in any way a duly authorized representative of the state board from undertaking the activities authorized by paragraph (1) of subdivision (a). A person who violates paragraph (2) of subdivision (a) shall be subject to the provisions of Section 116730, as applicable.

SEC. 12. Section 116751 of the Health and Safety Code is amended to read:

116751. The Department of Fish and Wildlife shall not introduce a poison to a drinking water supply for purposes of fisheries management unless the state board determines that the activity will not have a permanent adverse impact on the quality of the drinking water supply or wells connected to the drinking water supply. In making this determination, the state board shall evaluate the short- and long-term health effects of the poison in drinking water, ensure that an alternative supply of drinking water is provided to the users of the drinking water supply while the activity takes place, and, in cooperation with the Department of Fish and Wildlife, develop and implement a monitoring program to ensure that no detectable residuals of the poison, breakdown products, and other components of the poison formulation remain in the drinking water supply or adjoining wells after the activity is completed.

SEC. 13. Section 116760.20 of the Health and Safety Code is amended to read:

116760.20. Unless the context otherwise requires, the following definitions govern the construction of this chapter:

(a) "Acceptable result" means the project that, when constructed, solves the problem for which the project was placed on the project priority list, ensures the owner and operator of the improved or restructured public water system shall have long-term technical, managerial, and financial capacity to operate and maintain the public water system in compliance with state and federal

safe drinking water standards, can provide a dependable source of safe drinking water long-term, and is both short-term and long-term affordable, as determined by the board.

(b) "Administrative fund" means the Safe Drinking Water State Revolving Fund Administration Fund created by Section 116761.70.

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

(d) "Cost-effective" means achieves an acceptable result at the most reasonable cost.

(e) "Disadvantaged community" means a community that meets the definition provided in Section 116275.

(f) "Federal Safe Drinking Water Act" or "federal act" means the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.) and acts amendatory thereof or supplemental thereto.

(g) "Fund" means the Safe Drinking Water State Revolving Fund created by Section 116760.30.

(h) "Financing" means financial assistance awarded under this chapter, including loans, refinancing, installment sales agreements, purchase of debt, loan guarantees for municipal revolving funds, and grants.

(i) "Matching funds" means state money that equals that percentage of federal contributions required by the federal act to be matched with state funds.

(j) "Project" means cost-effective facilities for the construction, improvement, or rehabilitation of a public water system. It also may include the planning and design of the facilities, annexation or consolidation of water systems, source water assessments, source water protection, and other activities specified under the federal act.

(k) "Public agency" means any city, county, city and county, whether general law or chartered, district, joint powers authority, or other political subdivision of the state, that owns or operates a public water system, or any municipality, as that term is defined in the federal act.

(l) "Public water system" or "public water supply system" means a system for the provision to the public of water for human consumption, as defined in Section 116275.

(m) "Safe drinking water standards" means those standards established pursuant to Chapter 4 (commencing with Section 116270), as they may now or hereafter be amended.

(n) "Severely disadvantaged community" means a community with a median household income of less than 60 percent of the statewide average.

(o) "Small community water system" has the meaning set forth in Section 116275.

(p) "Supplier" means any person, partnership, corporation, association, public agency, or other entity that owns or operates a public water system.

SEC. 14. Section 116760.38 is added to the Health and Safety Code, to read:

116760.38. Subject to all applicable constitutional restrictions, a city, county, or special district may borrow money and incur indebtedness pursuant to this chapter.

SEC. 15. Section 116761.20 of the Health and Safety Code is amended to read:

116761.20. (a) Planning and preliminary engineering studies, project design, and construction costs incurred by community and not-for-profit noncommunity public water systems may be funded under this chapter by loans or other repayable financing, and, if these systems are owned by public agencies or private not-for-profit water companies, by grants, principal forgiveness, or a combination of grants and loans or other financial assistance.

(b) (1) The board shall determine what portion of the full costs the public agency or private not-for-profit water company is capable of repaying and authorize funding in the form of a loan or other repayable financing for that amount. The board shall authorize a grant or principal forgiveness only to the extent the board finds the public agency or not-for-profit water company is unable to repay the full costs of the financing.

(2) Notwithstanding any other provision of this chapter, where a public agency or private not-for-profit water company serving a severely disadvantaged community with fewer than 200 service connections owns a small community water system or nontransient noncommunity water system, the public agency or private not-for-profit serving the severely disadvantaged community is deemed to have no ability to repay any financing for a project serving the severely disadvantaged community.

(c) At the request of the board, the Public Utilities Commission shall submit comments concerning the ability of suppliers, subject to its jurisdiction, to finance the project from other sources and to repay the financing.

SEC. 16. Section 116761.65 of the Health and Safety Code is amended to read:

116761.65. (a) The board shall establish, and may periodically adjust, the interest rate for repayable financing made pursuant to this chapter at a rate not to exceed 50 percent of the average interest rate, computed by the true interest cost method, paid by the state on general obligation bonds issued in the prior calendar year, rounded up to the closest one-tenth of 1 percent.

(b) Notwithstanding subdivision (a), if the financing is for a public water system that serves a disadvantaged community with a financial hardship as determined by the board or if the financing is for a public water system that provides matching funds, the interest rate shall be 0 percent.

SEC. 17. Section 116761.70 of the Health and Safety Code is repealed.

SEC. 18. Section 116761.70 is added to the Health and Safety Code, to read:

116761.70. (a) The Safe Drinking Water State Revolving Fund Administration Fund is hereby created in the State Treasury.

(b) The following moneys shall be deposited into the administration fund:

(1) Moneys transferred to pay the costs incurred by the state board in connection with the administration of this chapter.

(2) The amounts collected for financial assistance services pursuant to subdivision (c).

(3) Notwithstanding Section 16475 of the Government Code, any interest earned upon the moneys in the fund.

(c) (1) For financial assistance made pursuant to this chapter, where that financial assistance is to be repaid to the state board, the state board may assess an annual charge for financial assistance services with regard to the financial assistance, not to exceed 1 percent of the financial assistance balance, computed according to the true interest cost method.

(2) The financial assistance service rate authorized by this subdivision may be applied at any time during the term of the financial assistance, and once applied, shall remain unchanged for the duration of the financial assistance and shall not increase the financial assistance repayment amount, as set forth in the terms and conditions imposed pursuant to this chapter.

(d) Upon appropriation by the Legislature, moneys in the administration fund may be expended by the state board for payment of the reasonable costs of administering the fund.

(e) The state board shall set the total amount of revenue collected each year through the charge authorized by subdivision (c) at an amount that is equal as practicable to the appropriation amount set forth in the annual Budget Act for this activity. At least once each fiscal year, the state board shall adjust the financial assistance service charge imposed pursuant to subdivision (c) to conform with the appropriation amount set forth in the annual Budget Act.

SEC. 19. Section 117125 of the Health and Safety Code is amended to read:

117125. Notwithstanding any other law, the Department of Fish and Wildlife may stock with fish any body of water opened to public fishing pursuant to this article.

SEC. 20. Section 13176 of the Water Code is amended to read:

13176. (a) (1) The analysis of any material required by this division shall be performed by a laboratory that has accreditation or certification pursuant to Article 3 (commencing with Section 100825) of Chapter 4 of Part 1 of Division 101 of the Health and Safety Code.

(2) This requirement does not apply to field tests, such as tests for color, odor, turbidity, pH, temperature, dissolved oxygen, conductivity, and disinfectant residual.

(b) A person or public entity of the state shall not contract with a laboratory for environmental analyses required by paragraph (1) of subdivision (a) unless the laboratory has valid accreditation or certification.

SEC. 21. Section 13177 of the Water Code is amended to read:

13177. (a) It is the intent of the Legislature that the state board continue to implement the California State Mussel Watch Program.

(b) The Legislature finds and declares that the California State Mussel Watch Program provides the following benefits to the people of the state:

- (1) An effective method for monitoring the long-term effects of certain toxic substances in selected fresh, estuarine, and marine waters.
- (2) An important element in the state board's comprehensive water quality monitoring strategy.
- (3) Identification, on an annual basis, of specific areas where concentrations of toxic substances are higher than normal.
- (4) Valuable information to guide the state and regional boards and other public and private agencies in efforts to protect water quality.

(c) To the extent funding is appropriated for this purpose, the state board, in conjunction with the Department of Fish and Wildlife, shall continue to implement the long-term coastal monitoring program known as the California State Mussel Watch Program. The program may consist of, but is not limited to, the following elements:

- (1) Removal of mussels, clams, and other aquatic organisms from relatively clean coastal sites and placing them in sampling sites. For purposes of this section, "sampling sites" means selected waters of concern to the state board and the Department of Fish and Wildlife.
- (2) After specified exposure periods at the sampling sites, removal of the aquatic organisms for analysis.
- (3) Laboratory analysis of the removed aquatic organisms to determine the amounts of various toxic substances that may have accumulated in the bodies of the aquatic organisms.
- (4) Making available both the short- and long-term results of the laboratory analysis to appropriate public and private agencies and the public.

SEC. 22. Section 13177.5 of the Water Code is amended to read:

13177.5. (a) The state board, in consultation with the Office of Environmental Health Hazard Assessment, shall develop a comprehensive coastal monitoring and assessment program for sport fish and shellfish, to be known as the Coastal Fish Contamination Program. The program shall identify and monitor chemical contamination in coastal fish and shellfish and assess the health risks of consumption of sport fish and shellfish caught by consumers.

(b) The state board shall consult with the Department of Fish and Wildlife, the Office of Environmental Health Hazard Assessment, and regional water quality control boards with jurisdiction over territory along the coast, to determine chemicals, sampling locations, and the species to be collected under the program. The program developed by the state board shall include all of the following:

- (1) Screening studies to identify coastal fishing areas where fish species have the potential for accumulating chemicals that pose significant health risks to human consumers of sport fish and shellfish.
- (2) The assessment of at least 60 screening study monitoring sites and 120 samples in the first five years of the program and an assessment of additional screening study sites as time and resources permit.
- (3) Comprehensive monitoring and assessment of fishing areas determined through screening studies to have a potential for significant human health risk and a reassessment of these areas every five years.

(c) Based on existing fish contamination data, the state board shall designate a minimum of 40 sites as fixed sampling locations for the ongoing monitoring effort.

(d) The state board shall contract with the Office of Environmental Health Hazard Assessment to prepare comprehensive health risk assessments for sport fish and shellfish monitored in the program. The assessments shall be based on the data collected by the program and information on fish consumption and food preparation. The Office of Environmental Health Hazard Assessment, within 18 months of the completion of a comprehensive study for each area by the state board, shall submit to the board a draft health risk assessment report for that area. Those health risk assessments shall be updated following the reassessment of areas by the board.

(e) The Office of Environmental Health Hazard Assessment shall issue health advisories when the office determines that consuming certain fish or shellfish presents a significant health risk. The advisories shall contain information for the public, and particularly the population at risk, concerning health risks from the consumption of the fish or shellfish. The office shall notify the appropriate county health officers, the State Department of Public Health, and the Department of Fish and Wildlife before the issuance of a health advisory. The notification shall provide sufficient information for the purpose of posting signage. The office

shall urge county health officers to conspicuously post health warnings in areas where contaminated fish or shellfish may be caught including piers, commercial passenger fishing vessels, and shore areas where fishing occurs. The Department of Fish and Wildlife shall publish the office's health warnings in its Sport Fishing Regulations Booklet.

SEC. 23. Section 13177.6 of the Water Code is amended to read:

13177.6. To the extent funding is appropriated for this purpose, the state board, in consultation with the Department of Fish and Wildlife and Office of Environmental Health Hazard Assessment, shall perform a monitoring study to reassess the geographic boundaries of the commercial fish closure off the Palos Verdes Shelf. The reassessment shall include collection and analysis of white croaker caught on the Palos Verdes Shelf, within three miles south of the Shelf, and within San Pedro Bay. Based on the results of the reassessment, the Department of Fish and Wildlife, with guidance from the Office of the Environmental Health Hazard Assessment, shall redelineate, if necessary, the commercial fish closure area to protect the health of consumers of commercially caught white croaker. The sample collection and analysis shall be conducted within 18 months of the enactment of this section and the reassessment of the health risk shall be conducted within 18 months of the completion of the analysis of the samples.

SEC. 24. Section 13178 of the Water Code is amended to read:

13178. (a) The state board, in conjunction with the State Department of Public Health and a panel of experts established by the state board, shall develop source investigation protocols for use in conducting source investigations of storm drains that produce exceedences of bacteriological standards established pursuant to subdivision (c) of Section 115880 of the Health and Safety Code. The protocols shall be based upon the experiences drawn from previous source investigations performed by the state board, regional boards, or other agencies, and other available data. The protocols shall include methods for identifying the location and biological origins of sources of bacteriological contamination, and, at a minimum, shall require source investigations if bacteriological standards are exceeded in any three weeks of a four-week period, or, for areas where testing is done more than once a week, 75 percent of testing days that produce an exceedence of those standards.

(b) The development of source investigation protocols pursuant to subdivision (a) is not subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 25. Section 13181 of the Water Code is amended to read:

13181. (a) (1) On or before December 1, 2007, the California Environmental Protection Agency and the Natural Resources Agency shall enter into a memorandum of understanding for the purposes of establishing the California Water Quality Monitoring Council, which shall be administered by the state board.

(2) As used in this section, "monitoring council" means the California Water Quality Monitoring Council established pursuant to this section.

(3) The monitoring council may include representatives from state entities and nonstate entities. The representatives from nonstate entities may include, but need not be limited to, representatives from federal and local government, institutions of higher education, the regulated community, citizen monitoring groups, and other interested parties.

(4) The monitoring council shall review existing water quality monitoring, assessment, and reporting efforts, and shall recommend specific actions and funding needs necessary to coordinate and enhance those efforts.

(5) (A) The recommendations shall be prepared for the ultimate development of a cost-effective, coordinated, integrated, and comprehensive statewide network for collecting and disseminating water quality information and ongoing assessments of the health of the state's waters and the effectiveness of programs to protect and improve the quality of those waters.

(B) For purposes of developing recommendations pursuant to this section, the monitoring council shall initially focus on the water quality monitoring efforts of state agencies, including, but not limited to, the state board, the regional boards, the department, the Department of Fish and Wildlife, the California Coastal Commission, the State Lands Commission, the Department of Parks and Recreation, the Department of Forestry and Fire Protection, and the Department of Pesticide Regulation.

(C) In developing the recommendations, the monitoring council shall seek to build upon existing programs, rather than create new programs.

(6) Among other things, the memorandum of understanding shall describe the means by which the monitoring council shall formulate recommendations to accomplish both of the following:

(A) Reduce redundancies, inefficiencies, and inadequacies in existing water quality monitoring and data management programs in order to improve the effective delivery of sound, comprehensive water quality information to the public and decisionmakers.

(B) Ensure that water quality improvement projects financed by the state provide specific information necessary to track project effectiveness with regard to achieving clean water and healthy ecosystems.

(b) The monitoring council shall report, on or before December 1, 2008, to the California Environmental Protection Agency and the Natural Resources Agency with regard to its recommendations for maximizing the efficiency and effectiveness of existing water quality data collection and dissemination, and for ensuring that collected data are maintained and available for use by decisionmakers and the public. The monitoring council shall consult with the United States Environmental Protection Agency in preparing these recommendations. The monitoring council's recommendations, and any responses submitted by the California Environmental Protection Agency or the Natural Resources Agency to those recommendations, shall be made available to decisionmakers and the public by means of the Internet.

(c) The monitoring council shall undertake and complete, on or before April 1, 2008, a survey of its members to develop an inventory of their existing water quality monitoring and data collection efforts statewide and shall make that information available to the public.

(d) All state agencies, including institutions of higher education to the extent permitted by law, that collect water quality data or information shall cooperate with the California Environmental Protection Agency and the Natural Resources Agency in achieving the goals of the monitoring council as described in this section.

(e) In accordance with the requirements of the federal Clean Water Act (33 U.S.C. Sec. 1251 et seq.) and implementing guidance, the state board shall develop, in coordination with the monitoring council, all of the following:

(1) A comprehensive monitoring program strategy that utilizes and expands upon the state's existing statewide, regional, and other monitoring capabilities and describes how the state will develop an integrated monitoring program that will serve all of the state's water quality monitoring needs and address all of the state's waters over time. The strategy shall include a timeline not to exceed 10 years to complete implementation. The strategy shall be comprehensive in scope and identify specific technical, integration, and resource needs, and shall recommend solutions for those needs so that the strategy may be implemented within the 10-year timeframe.

(2) Agreement, including agreement on a schedule, with regard to the comprehensive monitoring of statewide water quality protection indicators that provide a basic minimum understanding of the health of the state's waters. Indicators already developed pursuant to environmental protection indicators for statewide initiatives shall be given high priority as core indicators for purposes of the network described in subdivision (a).

(3) Quality management plans and quality assurance plans that ensure the validity and utility of the data collected.

(4) Methodology for compiling, analyzing, and integrating readily available information, to the maximum extent feasible, including, but not limited to, data acquired from discharge reports, volunteer monitoring groups, local, state, and federal agencies, and recipients of state-funded or federally funded water quality improvement or restoration projects.

(5) An accessible and user-friendly electronic data system with timely data entry and ready public access via the Internet. To the maximum extent possible, the geographic location of the areas monitored shall be included in the data system.

(6) Production of timely and complete water quality reports and lists that are required under Sections 303(d), 305(b), 314, and 319 of the federal Clean Water Act and Section 406 of the federal Beaches Environmental Assessment and Coastal Health Act of 2000, that include all available information from discharge reports, volunteer monitoring groups, and local, state, and federal agencies.

(7) An update of the state board's surface water ambient monitoring program needs assessment in light of the benefits of increased coordination and integration of information from other agencies and information sources. This update shall include identification of current and future resource needs required to fully implement the coordinated, comprehensive monitoring network, including, but not limited to, funding, staff, training, laboratory and other resources, and projected improvements in the network.

(f) The state board shall identify the full costs of implementation of the comprehensive monitoring program strategy developed pursuant to subdivision (e), and shall identify proposed sources of funding for the implementation of the strategy, including federal funds that may be expended for this purpose. Fees collected pursuant to paragraph (1) of subdivision (d) of Section 13260 may be used as a funding source for implementation of the strategy to the extent that the funding is consistent with subparagraph (B) of paragraph (1) of subdivision (d) of Section 13260.

(g) Data, summary information, and reports prepared pursuant to this section shall be made available to appropriate public agencies and the public by means of the Internet.

(h) (1) Commencing December 1, 2008, the Secretary of the California Environmental Protection Agency shall conduct a triennial audit of the effectiveness of the monitoring program strategy developed pursuant to subdivision (e). The audit shall include, but need not be limited to, an assessment of the following matters:

(A) The extent to which the strategy has been implemented.

(B) The effectiveness of the monitoring and assessment program and the monitoring council with regard to both of the following:

(i) Tracking improvements in water quality.

(ii) Evaluating the overall effectiveness of programs administered by the state board or a regional board and of state and federally funded water quality improvement projects.

(2) The Secretary of the California Environmental Protection Agency shall consult with the Secretary of the Natural Resources Agency in preparing the audit, consistent with the memorandum of understanding entered into pursuant to subdivision (a).

(i) The state board shall prioritize the use of federal funding that may be applied to monitoring, including, but not limited to, funding under Section 106 of the Federal Water Pollution Control Act, for the purpose of implementing this section.

(j) The state board shall not use more than 5 percent of the funds made available to implement this section for the administrative costs of any contracts entered into for the purpose of implementing this section.

SEC. 26. Section 13275 of the Water Code is amended to read:

13275. (a) Notwithstanding any other law, a public water system regulated by the state board pursuant to Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code shall have the same legal rights and remedies against a responsible party, when the water supply used by that public water system is contaminated, as those of a private land owner whose groundwater has been contaminated.

(b) For purposes of this section, "responsible party" has the same meaning as defined in Section 25323.5 of the Health and Safety Code.

SEC. 27. Section 13285 of the Water Code is amended to read:

13285. (a) A discharge from a storage tank, pipeline, or other container of methyl tertiary-butyl ether (MTBE), or of any pollutant that contains MTBE, that poses a threat to drinking water, or to groundwater or surface water that may reasonably be used for drinking water, or to coastal waters shall be cleaned up to a level consistent with subdivisions (a) and (b) of Section 25296.10 of the Health and Safety Code.

(b) (1) A public water system, or its customers, shall not be responsible for remediation or treatment costs associated with MTBE, or a product that contains MTBE. However, the public water system may, as necessary, incur MTBE remediation and treatment costs and include those costs in its customer rates and charges that are necessary to comply with drinking water standards or directives of the state board or other lawful authority. A public water system that incurs MTBE remediation or treatment costs may seek recovery of those costs from parties responsible for the MTBE contamination, or from other available alternative sources of funds.

(2) If the public water system has included the costs of MTBE treatment and remediation in its customer rates and charges, and subsequently recovers all, or a portion of, its MTBE treatment and remediation costs from responsible parties or other available alternative sources of funds, it shall make an adjustment to its schedule of rates and charges to reflect the amount of funding received from responsible parties or other available alternative sources of funds for MTBE treatment or remediation.

(3) Paragraph (1) does not prevent the imposition of liability on any person for the discharge of MTBE if that liability is due to the conduct or status of that person independently of whether the person happens to be a customer of the public water system.

SEC. 28. Section 13304.1 of the Water Code is amended to read:

13304.1. (a) A groundwater cleanup system that commences operation on or after January 1, 2002, and that is required to obtain a discharge permit from the regional board pursuant to the regional board's jurisdiction, and that discharges treated groundwater to surface water or groundwater, shall treat the groundwater to standards approved by the regional board, consistent with this

division and taking into account the beneficial uses of the receiving water and the location of the discharge and the method by which the discharge takes place.

(b) In making its determination of the applicable water quality standards to be achieved by the operator of a groundwater cleanup system that commences operation on or after January 1, 2002, that draws groundwater from an aquifer that is currently being used, or has been used at any time since 1979 as a source of drinking water supply by the owner or operator of a public water system, and that discharges treated groundwater to surface water or groundwater from which a public water system draws drinking water, the regional board shall consult with the affected groundwater management entity, if any, affected public water systems, and the state board to ensure that the discharge, spreading, or injection of the treated groundwater will not adversely affect the beneficial uses of any groundwater basin or surface water body that is or may be used by a public water system for the provision of drinking water.

SEC. 29. Section 13331.2 of the Water Code is repealed.

SEC. 30. Section 13392 of the Water Code is amended to read:

13392. The state board and the regional boards, in consultation with the State Department of Public Health and the Department of Fish and Wildlife, shall develop and maintain a comprehensive program to (1) identify and characterize toxic hot spots, as defined in Section 13391.5, (2) plan for the cleanup or other appropriate remedial or mitigating actions at the sites, and (3) amend water quality control plans and policies to incorporate strategies to prevent the creation of new toxic hot spots and the further pollution of existing hot spots. As part of this program, the state board and regional boards shall, to the extent feasible, identify specific discharges or waste management practices that contribute to the creation of toxic hot spots, and shall develop appropriate prevention strategies, including, but not limited to, adoption of more stringent waste discharge requirements, onshore remedial actions, adoption of regulations to control source pollutants, and development of new programs to reduce urban and agricultural runoff.

SEC. 31. Section 13392.5 of the Water Code is amended to read:

13392.5. (a) Each regional board that has regulatory authority for one or more enclosed bays or estuaries shall, on or before January 30, 1994, develop for each enclosed bay or estuary, a consolidated database that identifies and describes all known and potential toxic hot spots. Each regional board shall, in consultation with the state board, also develop an ongoing monitoring and surveillance program that includes, but is not limited to, the following components:

(1) Establishment of a monitoring and surveillance task force that includes representation from agencies, including, but not limited to, the State Department of Public Health and the Department of Fish and Wildlife, that routinely monitor water quality, sediment, and aquatic life.

(2) Suggested guidelines to promote standardized analytical methodologies and consistency in data reporting.

(3) Identification of additional monitoring and analyses that are needed to develop a complete toxic hot spot assessment for each enclosed bay and estuary.

(b) Each regional board shall make available to state and local agencies and the public all information contained in the consolidated database, as well as the results of new monitoring and surveillance data.

SEC. 32. Section 13393.5 of the Water Code is amended to read:

13393.5. On or before January 30, 1994, the state board, in consultation with the State Department of Public Health and the Department of Fish and Wildlife, shall adopt general criteria for the assessment and priority ranking of toxic hot spots. The criteria shall take into account the pertinent factors relating to public health and environmental quality, including, but not limited to, potential hazards to public health, toxic hazards to fish, shellfish, and wildlife, and the extent to which the deferral of a remedial action will result, or is likely to result, in a significant increase in environmental damage, health risks, or cleanup costs.

SEC. 33. Section 13400 of the Water Code is amended to read:

13400. As used in this chapter, unless otherwise apparent from the context:

(a) "Facilities" means any of the following:

(1) Facilities for the collection, treatment, or export of waste when necessary to prevent water pollution.

(2) Facilities to recycle wastewater and to convey recycled water.

(3) Facilities or devices to conserve water.

(4) Any combination of the facilities described in paragraph (1), (2), or (3).

(b) "Fund" means the State Water Quality Control Fund.

(c) "Not-for-profit organization" means an organization operated on a not-for-profit basis, including, but not limited to, an association, cooperative, or private corporation that is a public water system, as defined in Section 116275 of the Health and Safety Code, that meets technical, managerial, and financial capacity criteria specified by the state board for public water systems, or that is subject to regulatory authority pursuant to this division. "Not-for-profit organization" includes only an organization that is either controlled by a local public body or bodies or has a broadly based ownership by, or membership of, people of the local community.

(d) "Public agency" means any city, county, city and county, district, or other political subdivision of the state.

SEC. 34. Section 13426 of the Water Code is amended to read:

13426. The state board, subject to approval by the Director of Finance, may agree to provide a guarantee pursuant to this article for all or a specified part of the proposed local agency bond issue upon making all of the following determinations:

(a) The facilities proposed by an applicant are necessary to the health or welfare of the inhabitants of the state and are consistent with water quality control plans adopted by regional boards.

(b) The proposed facilities meet the needs of the applicant.

(c) The proposed bond issue and plan repayment are sound and feasible.

(d) In the case of facilities proposed under paragraph (2) of subdivision (a) of Section 13400, the facilities will produce recycled water and the applicant has adopted a feasible program for the use of the facilities. The state board may adopt criteria for ranking and setting priorities among applicants for those guarantees.

SEC. 35. Section 13476 of the Water Code is amended to read:

13476. Unless the context otherwise requires, the following definitions govern the construction of this chapter:

(a) "Administration fund" means the State Water Pollution Control Revolving Fund Administration Fund.

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

(c) "Federal Clean Water Act" or "federal act" means the Clean Water Act (33 U.S.C. Sec. 1251 et seq.) and acts amendatory thereof or supplemental thereto.

(d) (1) "Financial assistance" means assistance authorized under Section 13480. Financial assistance includes loans, refinancing, installment sales agreements, purchase of debt, and loan guarantees for municipal revolving funds, but excludes grants.

(2) Notwithstanding paragraph (1), financial assistance may include grants or other assistance directed by a federal grant deposited in the fund to the extent authorized and funded by that grant.

(e) "Fund" means the State Water Pollution Control Revolving Fund.

(f) "Grant fund" means the State Water Pollution Control Revolving Fund Small Community Grant Fund.

(g) "Matching funds" means money that equals that percentage of federal contributions required by the federal act to be matched with state funds.

(h) "Municipality" has the same meaning and construction as in the federal act and also includes all state, interstate, and intermunicipal agencies.

(i) "Publicly owned" means owned by a municipality.

(j) "Severely disadvantaged community" means a community with a median household income of less than 60 percent of the statewide median household income.

SEC. 36. Section 13477.6 of the Water Code is amended to read:

13477.6. (a) The State Water Pollution Control Revolving Fund Small Community Grant Fund is hereby created in the State Treasury.

(b) The following moneys shall be deposited in the grant fund:

- (1) Moneys transferred to the grant fund pursuant to subdivision (c).
- (2) Notwithstanding Section 16475 of the Government Code, any interest earned upon the moneys deposited in the grant fund.
- (3) Any moneys deposited pursuant to Section 79723.

(c) (1) For any financing made pursuant to Section 13480, the board may assess an annual charge to be deposited in the grant fund in lieu of interest that would otherwise be charged.

(2) The charge authorized by this subdivision may be applied at any time during the term of the financing, and, once applied, shall remain unchanged unless the board determines that the application of the charge is any of the following:

- (A) No longer consistent with federal requirements regarding the fund.
- (B) No longer necessary.
- (C) Negatively affecting the board's ability to fund projects that support its water quality goals.

(3) The charge shall not increase the financing repayment amount as set forth in the terms and conditions imposed pursuant to this chapter.

(4) If the board ceases collecting the charge before the financing repayment is complete, the board shall replace the charge with an identical interest rate.

(d) (1) Moneys in the grant fund, upon appropriation by the Legislature to the board, may be expended, in accordance with this chapter, for grants for wastewater projects described in subdivision (c) of Section 1383 of Title 33 of the United States Code that serve small communities as defined in subdivision (a) of Section 30925 of the Public Resources Code. The board shall expend moneys appropriated from the grant fund within four years from the date of encumbrance.

(2) For the purpose of approving grants, the board shall give priority to projects that serve severely disadvantaged communities.

(3) In addition to the uses set forth in paragraph (1), moneys deposited in the grant fund pursuant to Section 79723, upon appropriation by the Legislature to the board, may be expended for technical assistance as authorized by Section 79725.

SEC. 37. Section 13480 of the Water Code is amended to read:

13480. (a) Moneys in the fund shall be used only for the permissible purposes allowed by the federal act or a federal grant deposited in the fund, to the extent authorized and funded by that grant.

(b) Consistent with expenditure for authorized purposes, moneys in the fund may be used for the following purposes:

(1) Loans that meet all of the following requirements:

- (A) Are made at or below market interest rates.
- (B) Require annual payments of principal and any interest, with repayment commencing not later than one year after completion of the project for which the loan is made and full amortization not later than 30 years after project completion unless otherwise authorized by a federal grant deposited in the fund to the extent authorized and funded by that grant. Loan forgiveness is permissible to the extent authorized by a federal grant deposited in the fund to the extent authorized and funded by that grant.
- (C) Require the loan recipient to establish an acceptable dedicated source of revenue for repayment of a loan.
- (D) (i) Contain other terms and conditions required by the board or the federal act or applicable rules, regulations, guidelines, and policies. To the extent permitted by federal law, the combined interest and loan service rate shall be set at a rate that does not exceed 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds and the combined interest and loan service rate shall be computed according to the true interest cost method. If the combined interest and loan service rate so determined is not a multiple of one-tenth of 1 percent, the combined interest and loan service rate shall be set at the multiple of one-tenth of 1 percent next above the combined interest and loan service rate so determined. A loan from the fund used to finance costs of facilities planning, or the preparation of plans,

specifications, or estimates for construction of publicly owned treatment works shall comply with Section 603(e) of the federal act (33 U.S.C. Sec. 1383(e)).

(ii) Notwithstanding clause (i), if the loan applicant is a municipality, an applicant for a loan for the implementation of a management program pursuant to Section 319 of the federal act (33 U.S.C. Sec. 1329), or an applicant for a loan for nonpoint source or estuary enhancement pursuant to Section 320 of the federal act (33 U.S.C. Sec. 1330), and the applicant provides matching funds, the combined interest and loan service rate on the loan shall be 0 percent. A loan recipient that returns to the fund an amount of money equal to 20 percent of the remaining unpaid federal balance of an existing loan shall have the remaining unpaid loan balance refinanced at a combined interest and loan service rate of 0 percent over the time remaining in the original loan contract.

(2) To buy or refinance the debt obligations of municipalities within the state at or below market rates if those debt obligations were incurred after March 7, 1985.

(3) To guarantee, or purchase insurance for, local obligations where that action would improve credit market access or reduce interest rates.

(4) As a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the state, if the proceeds of the sale of those bonds will be deposited in the fund.

(5) To establish loan guarantees for similar revolving funds established by municipalities.

(6) To earn interest.

(7) For payment of the reasonable costs of administering the fund and conducting activities under Subchapter VI (commencing with Section 601) of the federal act (33 U.S.C. Sec. 1381 et seq.). Those costs shall not exceed 4 percent of all federal contributions to the fund, four hundred thousand dollars (\$400,000) per year, or one-fifth of 1 percent per year of the current valuation of the fund, whichever amount is greatest, plus the amount of any fees collected by the state for this purpose regardless of the source.

(8) For financial assistance toward the nonfederal share of the costs of grant-funded treatment works projects, to the extent permitted by the federal act.

(9) Grants, principal forgiveness, negative interest rates, and any other type of, or variation on the above types of, assistance authorized by a federal grant deposited in the fund, to the extent authorized and funded by that grant.

SEC. 38. Section 79702 of the Water Code is amended to read:

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

(a) "Acquisition" means obtaining a fee interest or any other interest in real property, including easements, leases, water, water rights, or interest in water obtained for the purposes of instream flows and development rights.

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

(c) "Commission" means the California Water Commission.

(d) "Committee" means the Water Quality, Supply, and Infrastructure Improvement Finance Committee created by Section 79787.

(e) "Delta" means the Sacramento-San Joaquin Delta, as defined in Section 85058.

(f) "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.

(g) "Delta counties" means the Counties of Contra Costa, Sacramento, San Joaquin, Solano, and Yolo.

(h) "Delta plan" has the meaning set forth in Section 85059.

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

(j) "Disadvantaged community" has the meaning set forth in subdivision (a) of Section 79505.5, as it may be amended.

(k) "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.

(l) "Fund" means the Water Quality, Supply, and Infrastructure Improvement Fund of 2014 created by Section 79715.

(m) "Instream flows" means a specific streamflow, measured in cubic feet per second, at a particular location for a defined time, and typically follows seasonal variations.

(n) "Integrated regional water management plan" has the meaning set forth in Part 2.2 (commencing with Section 10530) of Division 6, as that part may be amended.

(o) "Long-term" means for a period of not less than 20 years.

(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) "Proposition 1E" means the Disaster Preparedness and Flood Prevention Bond Act of 2006 (Chapter 1.699 (commencing with Section 5096.800) of Division 5 of the Public Resources Code).

(r) "Proposition 84" means the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Division 43 (commencing with Section 75001) of the Public Resources Code).

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

(t) "Rainwater" has the meaning set forth in subdivision (c) of Section 10573.

(u) "Secretary" means the Secretary of the Natural Resources Agency.

(v) "Severely disadvantaged community" has the meaning set forth in Section 116760.20 of the Health and Safety Code.

(w) "Small community water system" means a community water system that serves no more than 3,300 service connections or a year-long population of no more than 10,000 persons.

(x) "State board" means the State Water Resources Control Board.

(y) "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).

(z) "State small water system" has the meaning set forth in subdivision (n) of Section 116275 of the Health and Safety Code.

(aa) "Stormwater" has the meaning set forth in subdivision (e) of Section 10573.

(ab) "Water right" means a legal entitlement authorizing water to be diverted from a specified source and put to a beneficial, nonwasteful use.

SEC. 39. Section 79726 is added to the Water Code, to read:

79726. For the purpose of providing the state share needed to leverage federal funds to assist communities in providing safe drinking water, any funds appropriated for the purposes of Section 79724 shall be available for deposit in the Safe Drinking Water State Revolving Fund, created by Section 116760.30 of the Health and Safety Code, prior to expenditure.

SEC. 40. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.