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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

December 14, 2015

Initiative Coordinator
Office of the Attorney General
State of California
PO Box 994255
Sacramento, CA 94244-25550

Re: AG Initiative #15-0107 – Technical Amendment

Dear Initiative Coordinator:

With this letter we submit an amended version of our proposed statewide ballot measure (“The Water Priorities Public Interest and Public Trust Constitutional Amendment and the New Surface Water and Groundwater Storage Facilities Bond Act of 2016”) in accordance with Article II of Section 10(d) of the California Constitution. We are the proponents of the measure.

These amendments are reasonably germane to the theme, purpose or substance of the measure.

Thank you for your time and attention.

Sincerely,



Robert Huff

George Runner

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INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

**SECTION 1. WATER PRIORITIES PUBLIC INTEREST AND PUBLIC TRUST
CONSTITUTIONAL AMENDMENT****Part 1.0 Findings and Declarations**

The people of the State of California find and declare all of the following:

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

(b) Every Californian should have access to clean, safe, and reliable drinking water and California farms to irrigation water, consistent with Article X of the California Constitution. Providing adequate supplies of clean, safe, and reliable water is vital to keeping California's economy growing and strong and meet the needs of the State's population.

(c) The California Constitution and the California Water Code, court decisions and administrative agency interpretations of beneficial use, public use and the public trust have imposed substantial legal and administrative impediments to the accomplishment of the people's priorities with respect to water use.

(d) These legal and administrative impediments have thwarted the development of new surface water and groundwater storage facilities mandated by the voters and have wrapped those projects in endless court challenges and administrative red tape.

(e) The State Legislature has failed to exercise its legislative powers over the state's water resources granted under Article X, California Constitution and as a result various agencies, boards, and commissions have asserted power and authority to regulate and enforce the laws of the state in the Legislature's name, or the uncertainty about the exercise of such powers has required adjudication and remediation actions by and in the courts, with outcomes and precedents that may not have correctly interpreted or reflected the Legislature's intentions about the use of the state's water resources.

(f) This division is intended to promote the coequal goals, as defined in Section 85054 of the Water Code, of providing a more reliable water supply for California through advancing the primary water criteria set forth in Article X, section 2 of the California Article X, California Constitution, is amended by adding the following subsection 2.5, as follows:

Part 2.0 Article X of the California Constitution is hereby amended by adding new Section 2.5, as follows:

2.5. Reasonable and Beneficial Public Uses of Water -- Priorities

Because of the conditions prevailing in this State, and in furtherance of the provisions of section 2 hereof, including those provisions regarding beneficial uses, rights and appropriations of water resources, the public interest in assuring the highest priorities of beneficial use and water conservation, as a public benefit and to satisfy the public trust, shall be first, domestic use, and second, irrigation use through the development and maintenance of surface water and groundwater storage facilities. Establishment and designation of priorities for the reasonable and beneficial uses of water, as a public benefit and in satisfaction of the public trust, are reserved to the People.

SECTION 2. THE NEW SURFACE WATER AND GROUNDWATER STORAGE FACILITIES BOND ACT OF 2016

Part 1.0 Findings and Declarations

The people of the State of California find and declare all of the following:

(a) This measure implements measure implements in part the will and direction of the People as established in Article X, section 2.5 of the California Constitution, by providing California additional water supplies for domestic and irrigation use by its People.

(b) California faces a water-supply crisis spurred by inadequate anticipation of state water needs and our periodic drought, while the high-speed rail project adopted by voters in 2008 faces growing and dismaying reports that the project's costs will mushroom, its prospects for completion of the entire route, from San Francisco to Los Angeles with Sacramento and San Diego legs, are dismal, and potential federal and private funding sources have vanished. \$ 8 billion dollars of uncontracted high speed rail bonds sit uncommitted and unusable. Even if issued, the total funding provided by Proposition 1A would be a drop in the bucket to funding the real eventual costs of a high-speed rail system equal to that promised to voters, already estimated at from \$68 to \$100 billion. The high-speed rail bonds should be reallocated and redirected, as permitted by Article XVI, section 1 of the California Constitution, to address California's immediate and higher priority water supply needs.

(c) On November 4, 2008, the voters approved Proposition 1A, the "Safe, Reliable High-Speed Passenger Train Bond Act," which authorized the State of California to issue up to \$9.95 billion in bonds to construct a high-speed train system and established the framework and requirements that the system would be required to achieve.

(d) On November 4, 2014, the voters approved Proposition 1, the “Water Quality, Supply, and Infrastructure Improvement Act of 2014,” which authorized the state of California to issue up to \$7.1 billion in bonds and redirected \$425 million in unsold general obligation bonds that were previously approved by voters for resource-related uses to fund various water-related programs, including \$2.7 billion in bonds for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions.

(e) This bond measure does not authorize additional net state bond obligations. It redirects existing bond funding authority from Proposition 1A (2008) and Proposition 1 (2014), for the purposes and the reasons described more fully herein.

(f) Every Californian should have access to clean, safe, and reliable drinking water and California farms to irrigation water, consistent with Article X of the California Constitution, section 2.5. Providing adequate supplies of clean, safe, and reliable water is vital to keeping California’s economy growing and strong and meets the needs of the State’s population.

(g) Periodic drought has impaired California’s capacity to ensure sufficient supplies and reserves of clean, safe, and reliable water, droughts have become more frequent and more severe, and ecosystems have become stressed. Higher temperatures mean less snow pack, which is the state’s largest water reservoir. State water agencies project a loss of at least 25 percent of the snow pack in the Sierra Nevada Mountains by 2050. The Colorado River basin, which provides drinking water to southern California, has experienced prolonged drought.

(h) California’s water infrastructure continues to age and deteriorate. More than 50 years ago, Californians approved the construction of the State Water Project. In the decades that followed, California’s water leaders developed the most sophisticated system of state, federal, regional, and local water infrastructure anywhere in the world. Failure to complete the State Water Project as originally designed has resulted in it being unable to adequately serve its intended purpose.

(i) In the years since the voters approved the State Water Project and the Federal Central Valley Project was approved, California’s population has continued to grow, from less than 16 million in 1960 to more than 39 million in 2015. A growing population and a growing economy have put greater stress on California’s natural resources, including water. The Department of Finance projects that California’s population will reach 50 million by 2049.

(j) A growing population and a growing economy have put greater stress on California's natural resources, including water quality, as documented by the U.S. Geological Survey, the California Department of Water Resources, and the University of California.

(k) As California has grown and its water infrastructure has failed to keep up with that growth, increasing demands on California's limited water supplies, continuing needs for flood and earthquake disaster protection, and deteriorating aquatic ecosystems have led to intense conflict, further threatening the reliability of clean and safe drinking water.

(l) Since the passage of Proposition 1A, the voters have learned that the high-speed train system will not be able to meet any of the requirements of that measure.

(1) Estimated construction costs for the project have more than doubled;

(2) Promised travel times will be significantly longer;

(3) Travel speeds will be significantly slower than the "high speed" 200 miles-an-hour speeds;

(4) Train routes will have intrusive impacts on communities and the environment;

(5) Despite recent reports that the High-Speed Rail Authority has solicited potential private and foreign government investment interest, the Authority acknowledges that no such potential investors are likely to participate in funding of the project, and the project will not be financially viable without significant ongoing public subsidies in the tens of billions of dollars; and,

(6) Technology advances have made obsolete the design concept approved by voters.

(m) All remaining authorized and appropriated but unissued bonds from the Safe, Reliable High-Speed Passenger Train Bond Act should be redirected to provide that no further bonds shall be sold for high-speed rail and related rail purposes and instead that they shall be sold only for specified purposes authorized under this measure.

(n) All uncommitted net proceeds received by the High Speed Rail Authority from outstanding bonds issued and sold prior to the effective date of the initiative should also be redirected from high-speed rail purposes to specified purposes authorized under this measure.

(o) Since the passage of Proposition 1, the public has learned that restrictions in Proposition 1 limit uses of its funding to water storage projects that provide at least half of

their public benefits for purposes unrelated to the beneficial uses and conservation of water for domestic use and irrigation use as established in Article X, section 2.5 of California Constitution, and find that they are an unacceptable limitation on the priority of use of funds appropriated for public benefits associated with water storage projects.

(p) A specified portion of authorized but unissued bonds from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 should be redirected to provide that no bonds shall be sold for the public benefits associated with water storage projects that improve the operation of the state water system as provided in that Act under Water Code Section 79750 and direct instead that they shall be sold only for specified purposes authorized under this measure.

(q) The California Water Commission, an appointed and unelected body charged with responsibilities for overseeing and approving expenditures of funds from Proposition 1 under Water Code Section 79750, is insufficiently representative of the population of the State as a whole, the various geographic regions of the State, and of the will of the people with respect to assessing public benefits for purposes related to the beneficial uses and conservation of water, including water for domestic use and irrigation use, and, as such is an inappropriate authority to fairly oversee the selection and implementation of projects providing public benefits associated with water storage projects that improve the operation of the state water system as established in Article X, section 2.5 of the California Constitution.

Part 3.0 Reallocation Of Previously Authorized Bond Authority And Funds

1. Section 2704.105 is added to Chapter 20 (commencing with Section 2704) of Division 3 of the Streets and Highways Code, to read:

Notwithstanding any other law, all unencumbered assets of issued bonds and unissued bonds authorized for purposes of this division up to eight billion dollars (\$8,000,000,000) are reallocated for the purposes of, and shall be authorized, issued, and appropriated in accordance with, Division 26.8 (commencing with Section 79800) of the Water Code. The funds available for reallocation shall be made on a pro-rata basis from each bond allocation of this division.

2. Section 79750.5 is added to the Division 26.7 of the Water Code, to read:

Notwithstanding any other law, all unencumbered assets of issued bonds, bonds authorized for issuance prior to the effective date of this measure, and unissued bonds authorized for the purposes of this division up to two billion seven hundred million (\$2,700,000,000) are reallocated for the purposes of, and shall be authorized, issued, and appropriated in accordance with, Division 26.8 (commencing with Section 79800) of the

Water Code. The funds available for reallocation shall be made on a pro-rata basis from each bond allocation of this division.

Part 4.0 New Surface Water And Groundwater Facilities

New Division 26.8 is added to the Water Code, entitled "State New Surface Water and Groundwater Storage Facilities" to read:

Chapter 1. General

79800. This part shall be known and may be cited as the State New Surface Water and Groundwater Storage Facilities Bond Act of 2016.

Article 1.

79801 Findings:

The People of California find and declare all of the following, in addition to the findings set forth in Section 1, Part 1.0 of this Measure:

(a) This bond measure implements in part the will and direction of the People as established in Article X, section 2.5 of the California Constitution, by providing California additional water supplies for domestic and irrigation use by its People.

(b) California needs water quality improvements at all parts of the hydrologic cycle, from source water in the watersheds where the state's drinking water supplies originate to groundwater facilities.

(c) Addressing the challenges to the heart of the California water system, will help resolve some of the conflicts that impede progress in improving the statewide water system.

(d) Key to achieving these goals is the critical necessity to construct new state surface water storage and groundwater storage facilities and to improve and enhance existing state water storage facilities and groundwater storage facilities.

(e) Development of the new water storage and groundwater storage facilities, and improvement of the existing water storage facilities provided for in this measure will not diminish, impair, or otherwise affect matters of public benefit or for the public trust, including but not limited to, any area of origin, watershed of origin, county of origin, or other water rights protections, including, but not limited to, rights to water appropriated prior to December 19, 1914, provided under existing law.

(f) This measure clarifies the locus of authority in the Authority created by this measure to make such determinations that the water projects provided for herein do not diminish, impair, or otherwise affect matters of public benefit or for the public trust, including but not limited to, any area of origin, watershed of origin, county of origin, or other water rights protections.

79802.

It is the intent of the People that:

(a) The investment of public funds pursuant to this division will result in public benefits to the public trust that address the most critical statewide needs and priorities for public funding in preference to other needs and priorities that may exist.

(b) In the appropriation and expenditure of funding authorized by this division, priority will be given to new surface water and groundwater storage facilities projects that provide for use of private, federal, or local funding and produce the greatest public benefit, as established in Article X, section 2.5 of the California Constitution.

(c) A funded project advances the purposes of the chapter from which the project received funding.

(d) In making decisions regarding water resources, the Executive Branch, the Legislature, and state and local water agencies must use recent research based upon confirmed, reproducible and transparent scientific principles and currently available technologies to inform those decisions.

(e) The State Legislature has allowed state agencies to exercise its powers under Article X, California Constitution to make determinations that water projects do not diminish, impair, or otherwise affect matters of public benefit or for the public trust, including but not limited to, any area of origin, watershed of origin, county of origin, or other water rights protections; and as to this measure, and the projects authorized hereunder, the Legislature, by a vote of its members, should be authorized to accept or reject the Authority's determinations concerning such matters, in supervision of any determinations by a state agency.

79803. Definitions

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) "Authority" means the State Water and Groundwater Storage Facilities Authority created by Section 79804.

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

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

(e) "Committee" means the State Water and Groundwater Storage Facilities Finance Committee created by Section 79807.

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

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

(h) "Environmental Secretary" means the Secretary of the Environmental Protection Agency.

(i) "Fund" means the State New Surface Water and Groundwater Storage Facilities Fund created by Section 79811.

(j) "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.

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

(l) "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.

(m) "Proposition 1A" means the "Safe, Reliable High-Speed Passenger Train Bond Act For The 21st Century," adopted by the voters on November 4, 2008.

(n) "Proposition 1" means the "Water Quality, Supply, and Infrastructure Improvement Act of 2014," adopted by the voters on November 4, 2014.

(o) "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.

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

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

(r) "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).

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

Article 2. State Water Storage and Groundwater Storage Facilities Authority

79804. State Water Storage and Groundwater Storage Facilities Authority

(a) There is in the Department of Water Resources a State Water Storage and Groundwater Storage Facilities Authority.

(b) (1) The Authority is composed of nine members as follows:

(A) Eight (8) members nominated and elected by the Regional Water Management Groups of the state, with two (2) members to be nominated and elected by the Regional Water Management Groups resident within each of the four (4) Department of Water Resources Administrative Regions, provided for in Chapter 4 of Part 2.2 (commencing with Section 10530) of Division 6 of the Water Code; and,

(B) One (1) member nominated and elected at large by all of such Regional Water Management Groups.

(C) Each Regional Water Management Group may nominate up to two (2) candidates at each election to fill each eligible member vacancy of the Authority in its Department of Water Resources Administrative Region as provided in Section 79804(b) (1) (A) and may nominate one (1) member candidate to fill the at-large member vacancy as provided in Section 79804(b) (1) (B).

(D) Each Regional Water Management Group may cast one (1) vote per vacancy for the candidates nominated to fill each member position of the Authority at each election provided for in Section 79804(b)(1) or for elections of replacement members provided for in Section 89804(c).

(c) Except as provided in subdivision (d), and until their successors are elected, members of the Authority shall hold office for terms of four (4) years, and no member shall serve for more than two (2) four-year terms. A vacancy shall be filled by election by the participating Regional Water Management Groups, who shall elect a replacement member within 90 days of a vacancy to serve the remainder of the term. In no event shall a member

whose second two-year term has expired hold over more than 150 days from the end of the expired term.

(d) (1) In order to provide for evenly staggered terms, persons elected or reelected to the Authority after January 1, 2017, shall be elected to initial terms to expire as follows:

(A) Of the eight persons elected by pursuant to subsection (b)(1)(A), two shall be elected for a term that expires on December 31, 2018; two shall be elected for to a term that expires on December 31, 2019; two shall be elected for a term that expires on December 31, 2020 and two shall be elected for to a term which expires on December 31, 2021, provided, however, that no two members' simultaneous expiring terms shall include both representatives of a single Department of Water Resources Administrative Region elected pursuant to Section 79804(b)(1)(A).

(B) The Director shall conduct the initial election for members not later than March 30, 2017, and not less than forty-five days before such election, shall determine by lot which persons shall be elected to each staggered term and shall notify the participating Regional Water Management Groups that elect members of the Authority of the election and the members to be elected. Thereafter, thereafter, the Executive Director of the Authority shall conduct the elections for members of the Authority.

(2) Following expiration of each of the initial terms provided for in this subdivision (d) (1), the term shall expire every four years thereafter on December 31.

(e) Members of the Authority are subject to the Political Reform Act of 1974 (Title 9 of the Government Code (commencing with Section 81000)).

(f) From among its members, the Authority shall elect a chairperson, who shall preside at all meetings of the Authority, and a vice chairperson to preside in the absence of the chairperson. The chairperson shall serve a term of one year.

(g) Five members of the Authority constitute a quorum for taking any action by the Authority.

(h) Each member of the Authority shall receive compensation of one hundred dollars (\$100) for each day that the member is attending to the business of the Authority, but shall not receive more than five hundred dollars (\$500) in any calendar month.

(i) Members of the Authority shall be reimbursed for their actual travel expenses incurred in attending to the business of the Authority.

79805. Duties and Responsibilities of the Authority

(a) The Authority shall be exclusively responsible to authorize and direct the development of plans and construction of the new water storage and groundwater storage facilities set forth in Section 79813(a) (1) through (a) (4), with the concurrence of the Department, and shall work with the Department to prepare such plans and estimates, and render such reports as shall be necessary and appropriate under Sections 12616 through 12625, inclusive.

(b) The Authority shall recommend to the Department with respect to the construction of any such project, the time for constructing it, the amount of funds which should be appropriated to counties, cities, stage agencies or public districts for the project.

(c) (1) The Authority shall authorize the expenditure of funds for the purposes of implementation of construction of the new water storage and groundwater storage facilities set forth in Section 79813.

(2) Notwithstanding any other provision of Section 79805, the Authority may elect, in its sole discretion, to accept and adopt as fully compliant with Section 79805: (A) any prior approval by the Commission of any water storage project, in whole or in part, made before enactment of this measure, or (B) any authorization by the Commission to issue bonds and expend bond funds for any water storage project, as provided in Section 79750, or (C) any timetable or schedule of completion approved by the Commission for any water storage project, including any schedule for issuance of bonds funding said water storage project, provided, however, that said project or part of project, as accepted and adopted, shall also fulfill the purposes set forth in Section 79813.

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

(e) Notwithstanding Section 13340 of the Government Code, as provided more particularly in this measure, up to ten billion eight hundred million dollars (\$10,800,000,000) is hereby continuously appropriated from the fund until December 31, 2030, without regard to fiscal years, to the Authority for public benefits

associated with new water storage and groundwater storage facilities, upgrades to existing water storage and groundwater storage facilities, in accordance with Section 79813. Funds authorized for, or made available to, the Authority pursuant to this chapter shall be available and expended only for the purposes provided in this chapter, and shall not be subject to appropriation or transfer by the Legislature or the Governor for any other purpose.

(f) The Section 79813 projects approved by the Authority shall utilize a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided, pursuant to criteria established under this Division.

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

(h) The Authority shall give such notices of investigations, hearings, workshops or other proceedings in relation to its responsibilities set forth in this Division to the agencies, cities, counties, districts or persons deemed likely by the Authority or the Department to be interested, to afford them an opportunity to be heard in connection with such matters.

(i) The Authority shall report to the Department, the Legislature and the Governor on the progress of authorization, contracting, construction and completion of the new water storage and groundwater storage facilities funded by the expenditures authorized by the Authority and paid from funds authorized by this chapter.

(j) Prior to disbursing grants or loans pursuant to this division, the Authority, in consultation with the Department, shall develop and adopt project solicitation and evaluation guidelines. The guidelines shall include monitoring and reporting requirements and may include a limitation on the dollar amount of grants or loans to be awarded. If the Authority or the Department has previously developed and adopted project solicitation and evaluation guidelines that comply with the requirements of this subdivision, it may use those guidelines.

(k) Prior to disbursing grants or loans, the Authority shall conduct a minimum of three public meetings in each of the four Department of Water Resources administrative regions, to consider public comments prior to finalizing the guidelines. The state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before the public meetings.

(l) The Authority shall develop and adopt, by regulation, methods for quantification and management of public benefits described in Article X, section 2.5 of the California Constitution, by December 15, 2017.

(m) The Authority may seek a writ of mandate under Chapter 2 of Title 1 of Part 3 of the Code of Civil Procedure (commencing with Section 1084) in any court of competent jurisdiction to compel the Secretary, the Environmental Secretary, the Director, the Department, the State Board or a state agency not to unreasonably withhold any such approval, permit or authorization necessary to implement the development and the implementation of construction of the new surface water storage and groundwater storage facilities provided for in Section 79813 or implement the mandates of Article X, section 2.5 of the California Constitution, if the Authority has conducted all such proceedings, made such determinations, and completed such requirements as required by this division that are necessary to implement the construction of such new surface water and groundwater storage facilities.

(n) The Authority may employ the State Attorney General to defend it in any action against the Authority. In the event the State Attorney General should decline to represent the Authority, the Authority may contract with outside legal counsel for that purpose.

79806.

(a) The Authority shall appoint an executive director, exempt from civil service, who shall serve at the pleasure of the Authority, to administer the affairs of the Authority as directed by the Authority.

(b) For purposes of managing and administering the State Water Storage and Groundwater Storage Facilities Authority, the members of the Authority, upon the recommendation of the executive director, may appoint up to six additional individuals, including at least one individual who is a hydrologic engineer with large construction project experience, one individual with substantial expertise in the Central Valley Project planning and implementation process, one individual with substantial expertise in the in the State Water Project planning and implementation process and one individual with expertise in state groundwater development planning and implementation, who shall be exempt from civil service, who shall serve at the pleasure of the executive director, including: (1) Chief program manager. (2) Up to three regional directors. (3) Chief financial officer. (4) Director of risk management and project controls.

(c) The compensation of the executive director and the additional persons authorized by subdivision (b) shall be established by the Authority, and approved by the Department of Human Resources, in an amount that is reasonably necessary, in the

discretion of the Authority, to attract and hold a person of superior qualifications. The Authority shall cause to be conducted, through the use of independent outside advisers, a salary survey to determine the compensation for the positions under this subdivision. The Department of Human Resources may, in its discretion, accept a previously completed salary survey that meets the requirements of this subdivision, and shall review the methodology used in the survey. The salary survey shall consider both of the following:

(1) Other state, regional, and local water agencies that are most comparable to the Authority and its responsibilities.

(2) Other relevant labor pools.

The compensation set by the Authority shall not exceed the highest comparable compensation for a position of that type, as determined by the salary survey. Based on the salary survey, these positions shall be paid a salary established by the Authority and approved by the Department of Human Resources.

(d) The executive director may, as authorized by the Authority, appoint necessary staff to carry out the provisions of this part.

(e) The Authority may contract with other agencies of the Department of Water Resources, the State Water Project, the Federal Central Valley Project, local water districts or other authorities to pay the costs of expert staff members assigned to the Authority, as deemed necessary and appropriate by the Authority to accomplish its purposes.

(f) The Authority may contract with professionals, consultants and independent contractors for directly related project assignments, special expertise and other specialized work, as deemed necessary and appropriate by the Authority to accomplish its purposes.

Article 3. State Water and Groundwater Storage Facilities Finance Committee

79807.

(a) Solely for the purpose of authorizing the issuance and sale pursuant to 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) of the bonds authorized by this division, the State Water and Groundwater Storage Facilities Finance Committee is hereby created. For purposes of this division, the State Water and Groundwater Storage Facilities Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law.

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

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

(d) A majority of the committee may act for the committee.

Article 4. Spending Requirements and Limitations

79808.

(a) Notwithstanding any other provision of this Division or Title, the Authority shall not make grants to other governmental agencies or pay for construction costs for projects funded pursuant to Section 79813 an amount that exceeds 50 percent of the total costs of any project funded under this chapter.

(b) Funds provided by this division shall not be expended to support or pay for the costs of environmental mitigation measures except as part of the environmental mitigation costs of projects financed by this division. Funds provided by this division may be used for environmental enhancements or other public benefits directly resulting from the uses established in Section 79802(b).

79809.

(a) Subject to the provisions of Section 79801(g) and 79802(e) and notwithstanding any other provision of law, the Authority shall make the determination that any projects authorized by this Division do not diminish, impair, or otherwise affect matters of public benefit or for the public trust, including but not limited to, any area of origin, watershed of origin, county of origin, or other water rights protections, including, but not limited to, rights to water appropriated prior to December 19, 1914, provided under the law; provided, however, that the Legislature may reject the findings of those sections only by a 2/3ds roll call vote of the membership concurring; and the Legislature may not delegate to any other state agency the power to make such determinations with respect to the projects authorized by this Division.

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

(c) Nothing in this division supersedes, limits, or otherwise modifies the Sacramento-San Joaquin Delta Reform Act of 2009 (Division 35 (commencing with Section 85000)).

(d) Eligible applicants under this division are public agencies, nonprofit organizations, public utilities, federally recognized Indian tribes, State Indian tribes listed on the Native American Heritage Commission's California Tribal list, and mutual water companies. To be eligible for funding under this division, a project proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system.

(e) Projects funded pursuant to this division may use the services of the California Conservation Corps or certified community conservation corps, as defined in Section 14507.5 of the Public Resources Code.

Chapter 2. Bond Authorization

Article 1.

79810.

The uncontracted, unencumbered assets of issued bonds and unissued bonds, in the total amount not to exceed the amounts provided in subdivisions (a) and (b), as provided fully in Section 79750.5 of Division 26.7 of the Water Code and Section 2704.105 of Chapter 20 of Division 3 of the Streets and Highways Code, shall be reallocated, appropriated, authorized, issued and sold for the purposes set forth in Section 79813. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of the principal of, and interest on, the bonds as the principal and interest become due and payable.

These shall include:

(a) first, unissued bonds authorized by the High-Speed Passenger Train Bond Fund established by Proposition 1A, the "Safe, Reliable High-Speed Passenger Train Bond Act For The 21st Century," adopted by the voters on November 4, 2008, as reallocated by Section 2704.105 of Chapter 20 (commencing with Section 2704) of Division 3 of the Streets and Highways Code herein; and,

(b) second, unissued bonds authorized by the Water Quality, Supply, and Infrastructure Improvement Fund of 2014 established by Proposition 1, the "Water Quality, Supply, and Infrastructure Improvement Act of 2014," adopted by the voters on November 4, 2014, in the amount of two billion seven hundred million (\$2,700,000,000) of funds allocated for

statewide water system operational improvement by Chapter 8 of Division 26.7 of the Water Code as established by Proposition 1, as reallocated by Section 79750.5.

Article 2. State Surface Water and Groundwater Storage Facilities Fund.

79811.

The uncontracted, unencumbered assets of issued bonds reallocated pursuant to this chapter, together with the proceeds of bonds issued and sold pursuant to this chapter, and any additional funds appropriated by the Legislature or proceeds of other bonds issued and sold for uses compliant with the uses permissible under this chapter, shall be deposited in the 2016 State Surface Water and Groundwater Storage Facilities Fund established in the State Treasury and shall be allocated by the State Allocation Board pursuant to this chapter.

79812.

All moneys deposited in the State Surface Water and Groundwater Storage Facilities Fund for the purposes of this chapter shall be available to provide funding as described in Section 79813, to provide funds to repay any money advanced or loaned to the 2016 State New Surface Water and Groundwater Storage Facilities Fund under any act of the Legislature, together with interest provided for in that act, and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

79813.

(a) The proceeds from the sale of bonds issued and sold for the purposes of this chapter, shall be allocated in accordance with the following schedule:

(1) The amount of four billion two hundred million dollars (\$4,200,000,000) for new construction of surface water storage facilities.

The following surface water storage projects identified by the department in the CALFED Bay-Delta Programmatic Record of Decision, dated August 28, 2000, are eligible for funding pursuant to this chapter and subdivision:

(A) Sites Reservoir located in the Counties of Colusa and Glenn, as identified in the North-of-the-Delta Offstream Storage Investigation Initial Alternatives Information Report, dated May 2006.

(B) Temperance Flat Reservoir located in the Counties of Fresno and Madera, as identified in the Upper San Joaquin River Basin Storage Investigation Initial Alternatives Information Report, dated June 2005.

(2) The amount of nine hundred million dollars (\$ 900,000,000) for construction of surface water storage facilities to increase their storage capacity.

The following surface water storage projects are eligible for funding pursuant to this chapter and subdivision:

(A) Expansion of the San Luis Reservoir located in the County of Merced.

(B) Expansion of the storage capacity of Shasta Dam by up to 18.5 vertical feet in order to increase the overall storage capacity of Lake Shasta by up to 636,000 acre-feet.

(3) The amount of two billion dollars (\$2,000,000,000) for new construction of groundwater storage facilities to service and recharge existing groundwater aquifers.

(4) The amount of two billion two hundred million dollars (\$ 2,200,000,000) for any other modernization of existing surface and groundwater storage facilities.

(5) Remaining unexpended proceeds of bonds after the completion of the projects identified and provided for in this section shall be reserved for future spending for public benefits resulting from construction of local surface water and groundwater projects that are approved by the Authority herein, or for repayment of obligations of the New Surface Water Storage and Groundwater Storage Facilities Fund as otherwise provided in this Division.

(b) Any water deliveries or transfers or exchanges of water from facilities resulting from projects funded by the Authority pursuant to the Act shall only be made if their primary purpose for the beneficial uses and priorities established in Article X, section 2.5 of the California Constitution.

(c) Funds allocated pursuant to Section 89513 (a) (5) may also be utilized to provide sustainable groundwater management programs.

(d) Chapter 4.9 of Division 1 of Title 7 of the Government Code (commencing with section 65995), as those provisions read on January 1, 2015, shall be in effect until the full amount of bonds authorized for new and modernized surface and groundwater storage facility construction and modernization pursuant to subdivision (a) (1)-(4) have been expended, or December 31, 2030, whichever is sooner. Thereafter, Chapter 4.9 of Division I of Title 7 of the Government Code may be amended pursuant to law.

Article 3. State Surface Water and Groundwater Storage Facilities Fiscal Provisions

79814.

(a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapters 1 and 2 (commencing with Section 79810), not including the amount of any refunding bonds issued in accordance with Section 79830, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(b) Pursuant to this section, the Treasurer shall sell the bonds authorized by the State Surface Water and Groundwater Storage Facilities Committee established pursuant to Section 79815 at any different times necessary to service expenditures required by the apportionments.

79815. Audits.

(a) The California State Auditor shall annually conduct a programmatic review and an audit of expenditures from the fund.

(b) Notwithstanding Section 10231.5 of the Government Code, the California State Auditor shall report its findings annually on or before March 1 to the Governor and the Legislature, and shall make the findings available to the public.

(c) If an audit, required by statute, of any entity that receives funding authorized by this division is conducted pursuant to state law and reveals any impropriety, the California State Auditor or the Controller may conduct a full audit of any or all of the activities of that entity.

(d) The state agency issuing any grant or loan with funding authorized by this division shall require adequate reporting of the expenditures of the funding from the grant or loan.

79816.

(a) Except as provided in subdivision (c), no funds allocated pursuant to this chapter may be allocated for a project before December 15, 2018, and until the Committee approves the project based on the Committee's determination that all of the following have occurred: (1) The Authority has adopted the regulations specified in Section 79805(l) and specifically quantified and made public the cost of the public benefits associated with the project. (2) The project applicant has entered into a contract with each party that will derive benefits, other than public benefits, as defined in Section 79805(l), from the project

that ensures the party will pay its share of the total costs of the project. The benefits available to a party shall be consistent with that party's share of total project costs. (3) The project applicant has entered into a contract with each public agency identified in Section 79805(l) that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet all the requirements of this chapter, to ensure that the public contribution of funds pursuant to this chapter achieves the public benefits identified for the project. (4) The Authority has held a public hearing for the purposes of providing an opportunity for the public to review and comment on the information required to be prepared pursuant to this subdivision. (5) All of the following additional conditions are met: (A) Feasibility studies have been completed. (B) The Authority has found and determined that the project is feasible and is consistent with all applicable laws and regulations, and will advance the long-term objectives set forth in Sections 89801 and 89802. (C) All environmental documentation associated with the project has been completed, and all other federal, state, and local approvals, certifications, and agreements required to be completed have been obtained.

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

(c) Notwithstanding subdivision (a), funds may be made available under this chapter for the completion of environmental documentation and permitting of a project that the Authority has determined would qualify for approval subject to meeting all of the other requirements of subdivision (a) except subdivision (a)(5)(C).

79817.

(a) A project is not eligible for funding under this chapter unless, by January 1, 2022, all of the following conditions are met: (1) All feasibility studies are complete and draft environmental documentation is available for public review; (2) The Authority makes a finding that the project is feasible and will advance the long-term objectives set forth in Sections 89801 and 89802; and (3) The Authority receives commitments for not less than 50 percent of the nonpublic benefit cost share of the project.

(b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) and in Section 79813(a) shall be extended by the committee for a time period that is equal to the time period of the delay, and funding under this chapter that has been dedicated to the project shall be encumbered until the time at which the litigation is completed or the regulations have been promulgated.

79818.

Surface water storage projects funded pursuant to this Division and described in subdivision (a) of Section 79813 may be made a unit of the Central Valley Project as provided in Section 11290 and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

79819.

(a) The funds allocated for the design, acquisition, and construction of surface water storage projects identified in Section 79813, in the CALFED Bay-Delta Record of Decision, dated August 28, 2000, pursuant to this chapter may be provided for those purposes to local joint powers authorities formed by irrigation districts and other local water districts and local governments within the applicable hydrologic region to design, acquire, and construct those projects.

(b) The joint powers authorities described in subdivision (a) may include in their membership governmental partners that are not located within their respective hydrologic regions in financing the surface water storage projects, including, as appropriate, cost share participation or equity participation. Notwithstanding Section 6525 of the Government Code, the joint powers agencies described in subdivision (a) shall not include in their membership any for-profit corporation or any mutual water company whose shareholders and members include a for-profit corporation or any other private entity. The department shall be an ex officio member of each joint powers authority subject to this section, but the department shall not control the governance, management, or operation of the surface water storage projects.

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

Chapter 3. General

79820.

(a) In approving the 2016 State Water Storage and Groundwater Storage Facilities Act, the people were informed and hereby declare that the provisions of this chapter are necessary, integral, and essential to meeting the single object or work of the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and of this measure. As such, any amendment of the provisions of this chapter by the Legislature without voter approval would frustrate the scheme and design that induced voter approval of this measure. The people therefore find and declare that any amendment of the provisions of this chapter by

the Legislature shall require an affirmative vote of two-thirds of the membership in each house of the Legislature and voter approval.

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

79821.

(a) The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in 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), and all acts amendatory thereof and supplementary thereto, are hereby incorporated into this chapter as though set forth in full within this chapter, except subdivisions (a) and (b) of section 16727 of the Government Code shall not apply to the bonds authorized by this chapter.

(b) For purposes of the State General Obligation Bond Law, the State Allocation Board is designated the "board" for purposes of administering the 2016 State New Surface Water and Groundwater Storage Facilities Fund.

79822.

(a) Upon request of the State Allocation Board, the State New Surface Water and Groundwater Storage Facilities Finance Committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to fund the related apportionments and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to fund those apportionments progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

(b) A request of the State Allocation Board pursuant to subdivision (a) shall be supported by a statement of the apportionments made and to be made for the purposes described in Sections 79814 and 79823. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

79823.

Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following: (a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable. (b) The sum necessary to carry out Section 79826, appropriated without regard to fiscal years.

79824.

The State Allocation Board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other approved form of interim financing, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds (exclusive of refunding bonds) that the committee, by resolution, has authorized to be sold for the purpose of carrying out this chapter. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

79825.

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

79826.

For the purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds (exclusive of refunding bonds) that have been authorized by the State New Surface Water and Groundwater Storage Facilities Finance Committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the 2016 State New Surface Water and Groundwater Storage Facilities Fund consistent with this chapter. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money

Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this chapter.

79827.

All money deposited in the 2016 State Surface Water and Groundwater Storage Facilities Fund, that is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except that amounts derived from premium may be reserved and used to pay the cost of the bond issuance prior to any transfer to the General Fund.

79828.

The bonds issued and sold pursuant to this chapter may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this chapter or any previously issued refunding bonds. Any bond refunded with the proceeds of refunding bonds as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing such refunded bond.

79829.

The people hereby find and declare that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SECTION 3. GENERAL PROVISIONS

(a) If any provision of this measure, or part thereof, is for any reason held to be invalid or unconstitutional, the remaining provisions shall not be affected, but shall remain in full force and effect, and to this end the provisions of this measure are severable.

(b) This measure is intended to be comprehensive. It is the intent of the People that in the event this measure or measures relating to the same subject shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and all provisions of the other measure or measures shall be null and void.

(c) The People of the State of California declare that the proponent of this Act has a direct and personal stake in defending this measure and grant formal authority to the proponent to defend this measure in any legal proceeding, either by intervening in such legal proceeding, or by defending the measure on behalf of the people and the State in the event that the State declines to defend the measure or declines to appeal an adverse judgment against the measure.

In the event that the proponent is defending this measure in a legal proceeding because the State has declined to defend it or to appeal an adverse judgment against it, the proponent shall: act as an agent of the people and the State; be subject to all ethical, legal, and fiduciary duties applicable to such parties in such legal proceedings; take and be subject to the Oath of Office prescribed by Article XX, section 3 of the California Constitution for the limited purpose of acting on behalf of the people and the State in such legal proceeding; and be entitled to recover reasonable legal fees and related costs from the State.