

AMENDED IN ASSEMBLY APRIL 18, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1420

Introduced by Assembly Member Laird

February 23, 2007

An act to amend Section 10631.5 of, *and to add Section 10631.7 to*, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1420, as amended, Laird. Water demand management measures: *water management* grant or loan funds.

Existing law requires an urban water supplier to prepare and adopt an urban water management plan that includes a description of the supplier's water demand management measures that are currently being implemented or scheduled for implementation. Existing law requires the Department of Water Resources to take into consideration whether the urban water supplier is implementing or has scheduled for implementation the water demand management activities that the supplier identified in its urban water management plan in evaluating applications for grants and loans financed by specified bond funds.

This bill would delete that provision relating to the evaluation of grant or loan applications financed by those specified bond funds. The bill, instead, would require the terms of and eligibility for any *water management* grant or loan to an urban water supplier awarded or administered by the department, the State Water Resources Control Board, or the California Bay-Delta Authority, with a certain exception, to be conditioned on the implementation of the water demand management measures described in the urban water management plan.

The bill would require the department to develop grant and loan criteria implementing this requirement based on the conservation measures described in a specified memorandum of understanding. The department would be required to set a standard of excellence in water conservation significantly above the compliance levels in this memorandum of understanding, and would be required to amend the grant and loan criteria to give funding priority to agencies meeting this standard of excellence. The department would be required to convene an independent panel to, among other things, review the water conservation best management practices identified in the memorandum.

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

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

- 1 SECTION 1. *The Legislature finds and declares all of the*
- 2 *following:*
- 3 (a) *In 1991 urban water suppliers, environmental organizations,*
- 4 *and other interested parties signed the Memorandum of*
- 5 *Understanding Regarding Urban Water Conservation in*
- 6 *California. This memorandum of understanding does all of the*
- 7 *following:*
- 8 (1) *Establishes the California Urban Water Conservation*
- 9 *Council, made up of the signatories of the memorandum of*
- 10 *understanding, to oversee the implementation of the memorandum*
- 11 *of understanding.*
- 12 (2) *Describes water conservation best management practices*
- 13 *that the signatories agree to implement. There are currently 14*
- 14 *best management practices.*
- 15 (3) *Describes the general criteria for best management practice*
- 16 *implementation and exemptions.*
- 17 (4) *Describes the requirements for member urban water*
- 18 *suppliers to report to the California Urban Water Conservation*
- 19 *Council biennially on best management practice implementation.*
- 20 (5) *Describes the process for updating and amending the*
- 21 *memorandum of understanding.*
- 22 (b) *The California Urban Water Conservation Council serves*
- 23 *an important function in assisting in the management of the state's*
- 24 *limited water supplies by identifying urban water conservation*

1 *best management practices, and providing critical information on*
2 *urban water conservation implementation in the state.*

3 *(c) The Urban Water Management Planning Act (Part 2.6*
4 *(commencing with Section 10610) of Division 6 of the Water Code)*
5 *requires each water management plan to include a description of*
6 *the urban water supplier's demand management measures planned*
7 *for implementation or being implemented. The act requires an*
8 *urban water supplier to include in the plan specified demand*
9 *management measures. These demand management measures*
10 *intentionally correspond to the water conservation best*
11 *management practices included in the Memorandum of*
12 *Understanding Regarding Urban Water Conservation in*
13 *California, dated 1991.*

14 **SECTION 1.**

15 *SEC. 2.* Section 10631.5 of the Water Code is amended to read:

16 10631.5. (a) (1) ~~The terms of, and eligibility for, any grant~~
17 ~~or loan~~ *Beginning January 1, 2009, the terms of, and eligibility*
18 *for, a water management grant or loan, including funding for*
19 *programs and projects for surface or groundwater storage,*
20 *recycling, desalination, water conservation, water supply*
21 *reliability, water supply augmentation, and funds made available*
22 *pursuant to Section 75026 of the Public Resources Code, made to*
23 *an urban water supplier awarded or administered by the department,*
24 *state board, or California Bay-Delta Authority shall be conditioned*
25 *on the implementation of the water demand management measures*
26 *described in subdivision (f) of Section 10631.*

27 (2) Notwithstanding paragraph (1), the department may
28 determine that an urban water supplier is eligible for a *water*
29 *management* grant or loan even though the supplier is not
30 implementing all of the water demand management measures
31 described in subdivision (f) of Section 10631, if both of the
32 following apply:

33 (A) The department determines that the grant or loan will assist
34 the grantee or loan recipient in complying with the implementation
35 of those water demand management measures.

36 (B) The supplier has submitted to the department a schedule for
37 implementation of these water demand management measures.

38 (b) (1) *No later than December 1, 2008, the department shall*
39 *develop grant and loan criteria implementing the requirement of*
40 *paragraph (1) of subdivision (a). The criteria shall be based on*

1 *the conservation measures described in the Memorandum of*
2 *Understanding Regarding Urban Water Conservation in*
3 *California.*

4 *(2) The department shall review and update the criteria every*
5 *three years based on, but not limited to, updates to the*
6 *memorandum of understanding, and recommendations by the panel*
7 *convened pursuant to subdivision (b) of Section 10631.7.*

8 *(3) No later than January 1, 2010, the department shall amend*
9 *the criteria established pursuant to this subdivision to give funding*
10 *priority to agencies meeting the standard of excellence described*
11 *in subdivision (c) of Section 10631.7.*

12 *(c) The department shall conduct audits as necessary to*
13 *determine if urban water suppliers are implementing water demand*
14 *management measures meeting the criteria established pursuant*
15 *to subdivision (b).*

16 ~~(b)~~

17 *(d) The urban water supplier may submit to the department*
18 *copies of its annual reports and other relevant documents to assist*
19 *the department in determining whether the urban water supplier*
20 *is implementing or scheduling the implementation of water demand*
21 *management activities. In addition, for urban water suppliers that*
22 *are signatories to the Memorandum of Understanding Regarding*
23 *Urban Water Conservation in California and submit biennial*
24 *reports to the California Urban Water Conservation Council in*
25 *accordance with the memorandum, the department may use these*
26 *reports to assist in tracking the implementation of water demand*
27 *management measures.*

28 *SEC. 3. Section 10631.7 is added to the Water Code, to read:*

29 *10631.7. (a) The department shall assist the California Urban*
30 *Water Conservation Council in maintaining an effective*
31 *conservation reporting database. To the extent that funds are*
32 *available, the department shall provide technical and financial*
33 *support to the council for the maintenance and improvement of*
34 *the conservation database.*

35 *(b) The department shall convene an independent panel no later*
36 *than December 1, 2008, and every five years thereafter. The*
37 *department shall select the panel members, which shall include*
38 *experts from academia, private and public sectors, and nonprofit*
39 *organizations. The panel shall do all of the following:*

- 1 (1) *Review the water conservation best management practices*
2 *identified in the Memorandum of Understanding Regarding Urban*
3 *Water Conservation in California, and determine if these best*
4 *management practices meet the definition of best management*
5 *practices specified in the memorandum, and the manner in which*
6 *the implementation of the existing best management practices can*
7 *be improved statewide.*
- 8 (2) *Identify other water conservation practices that meet the*
9 *definition of best management practices specified in the*
10 *memorandum, but that are not included in the memorandum.*
- 11 (3) *Report to the Legislature, the department, and the California*
12 *Urban Water Conservation Council on their review and*
13 *recommendations no later than December 1, 2010.*
- 14 (c) *The department shall set a standard of excellence in water*
15 *conservation significantly above the compliance levels in the*
16 *Memorandum of Understanding Regarding Urban Water*
17 *Conservation in California, and no later than January 1, 2010,*
18 *annually publish a list of water agencies that meet this standard*
19 *of excellence.*