

## Senate Bill No. 699

### CHAPTER 214

An act to amend Sections 73514 and 81653 of the Water Code, relating to water.

[Approved by Governor August 30, 2019. Filed with Secretary of State August 30, 2019.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 699, Hill. San Francisco Bay Area regional water system.

Under existing law, the City and County of San Francisco operates the Hetch Hetchy Project as a regional water system, supplying water to persons and entities in San Francisco and the Counties of Alameda, San Mateo, and Santa Clara. Existing law, the San Francisco Bay Area Regional Water System Financing Authority Act, creates the San Francisco Bay Area Regional Water System Financing Authority, composed as prescribed. The act authorizes the authority to issue revenue bonds until December 31, 2020, as specified, to improve the reliability of the regional water system and requires the bond proceeds to be made available upon terms and conditions that include the City and County of San Francisco entering into contracts with the authority that, among other things, require the City and County of San Francisco, on behalf of the authority, to impose a surcharge to generate revenue to pay the debt service on the revenue bonds issued by the authority and the operating expenses of the authority, as specified. The act requires the authority to dissolve upon the repayment of all revenue bonds issued by the authority and the satisfaction of all other debts and obligations of the authority.

This bill would authorize the authority to issue revenue bonds until December 31, 2030. By extending the operation of the requirements for local public entities in connection with the operation of the authority, this bill would impose a state-mandated local program.

Existing law, the Wholesale Regional Water System Security and Reliability Act, requires the City and County of San Francisco to adopt a specified program of capital improvement projects designed to restore and improve the bay area regional water system, as defined. Existing law makes the act inoperative and repeals these provisions on January 1, 2022.

This bill would extend the repeal date of the act to January 1, 2026. By extending the period of time during which certain requirements would apply to regional wholesale water suppliers and the City and County of San Francisco, the bill would impose a state-mandated local program.

This bill would make legislative findings and declarations as to the necessity of a special statute for the City and County of San Francisco and the regional water system.

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.

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

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

(a) The City and County of San Francisco operates the Hetch Hetchy Project as a regional water delivery system, supplying water to persons and entities in San Francisco and the Counties of Alameda, San Mateo, and Santa Clara.

(b) The Wholesale Regional Water System Security and Reliability Act, requires the City and County of San Francisco to adopt a specified program of capital improvement projects designed to restore and improve the bay area regional water system and to submit a report, on or before September 1 of each year, to various entities describing the progress made on the implementation of the capital improvement program during the previous fiscal year.

(c) The Wholesale Regional Water System Security and Reliability Act authorizes San Francisco to determine that the completion dates for projects contained in the program should be delayed or that different projects should be constructed. The act requires each city to identify in its progress report any project that is behind schedule and for each project so identified to describe its plan and timeline for making up the delay or adopting a revised implementation schedule.

(d) The Wholesale Regional Water System Security and Reliability Act imposes various other requirements on regional wholesale water suppliers, including a requirement that these suppliers submit an annual report describing the progress made on securing supplemental sources of water to augment existing supplies during dry years.

(e) The Wholesale Regional Water System Security and Reliability Act is inoperative January 1, 2022.

(f) Existing law, the San Francisco Bay Area Regional Water System Financing Authority Act, establishes the San Francisco Bay Area Regional Water System Financing Authority which is authorized to issue revenue bonds until December 31, 2020, and take other actions to improve the reliability of the regional water system of the City and County of San Francisco.

(g) On February 26, 2003, pursuant to the requirements of Wholesale Regional Water System Security and Reliability Act, the San Francisco Public Utilities Commission submitted to the State Department of Health Services a report outlining the projects, schedule, and implementation plan for the capital improvement program that included 85 projects which expanded on the subset detailed in the act.

(h) San Francisco has not yet concluded its capital improvement projects and, particularly, the regional groundwater storage and recovery project and the Alameda Creek recapture project will not be completed by the end of 2020.

(i) Both the regional groundwater storage and recovery project and the Alameda Creek recapture project are critical to the regional water system's ability to provide reliable water supply during a drought, specifically in response to the Wholesale Regional Water System Security and Reliability Act's requirement for the San Francisco Public Utilities Commission to submit a report annually on progress made during the previous calendar year on securing supplemental sources of water to augment existing supplies during dry years.

(j) In order to provide continued oversight of the capital improvement projects through completion and to account for any further adjustments to the projects schedules during the next four years, this bill would extend the oversight provisions of the Wholesale Regional Water System Security and Reliability Act to January 1, 2026.

(k) While the legislatively required capital improvement projects remain outstanding, there is a need to ensure that the authority retains the ability to issue revenue bonds to support the regional water system.

(l) This bill would extend the power of the authority to issue revenue bonds from December 31, 2020, to December 31, 2030.

(m) The continued reliability of the regional water system is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. This act shall apply to all cities, including charter cities and a charter city and county.

SEC. 2. Section 73514 of the Water Code is amended to read:

73514. This division shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2026, deletes or extends that date.

SEC. 3. Section 81653 of the Water Code is amended to read:

81653. (a) The authority may issue revenue bonds upon the adoption of an ordinance by a two-thirds vote of all of the voting members of the board, after notice and public hearing. For the purposes of issuing bonds pursuant to this subdivision, the authority need not conduct an election or otherwise secure the approval of the voters within the boundaries of the authority.

(b) The authority shall publish a notice in a newspaper of general circulation at least 15 days before the date of the meeting at which the issuance of revenue bonds is to be considered and shall provide an opportunity for public comments during that meeting and before the directors vote on the issuance of those bonds.

(c) The authority may not issue any revenue bonds after December 31, 2030.

SEC. 4. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other

provisions or applications that can be given effect without the invalid provision or application.

SEC. 5. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances regarding the operation of the regional water system.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.