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HEALTH AND SAFETY CODE - HSC

DIVISION 104. ENVIRONMENTAL HEALTH [106500 - 119406]

(Division 104 added by Stats. 1995, Ch. 415, Sec. 6.)

PART 12. DRINKING WATER [116270 - 117130]

(Part 12 added by Stats. 1995, Ch. 415, Sec. 6.)

CHAPTER 4.5. Safe Drinking Water State Revolving Fund Law of 1997 [116760 - 116762.60]

(Chapter 4.5 added by Stats. 1997, Ch. 734, Sec. 15.)

ARTICLE 3. Safe Drinking Water State Revolving Fund [116760.20 - 116760.46]

(Article 3 added by Stats. 1997, Ch. 734, Sec. 15.)

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.
- (Amended by Stats. 2015, Ch. 673, Sec. 13. (AB 1531) Effective January 1, 2016.)*

[116760.30.](#)

(a) There is hereby created in the State Treasury the Safe Drinking Water State Revolving Fund for the purpose of implementing this chapter, and, notwithstanding Section 13340 of the Government Code, moneys in the fund are hereby continuously appropriated, without regard to fiscal years, to the board for expenditure in accordance with this chapter.

(b) Notwithstanding Section 10231.5 of the Government Code, the board shall, at least once every two years, post information on its Internet Web site and send a link of the Internet Web site to the policy and budget committees of the Legislature regarding the implementation of this chapter and expenditures from the fund. The information posted on the board’s Internet Web site shall describe the numbers and types of projects funded, the reduction in risks to public health from contaminants in drinking water provided through the funding of the projects, and the criteria used by the board to determine funding priorities. The Internet Web site posting shall include the results of the United States Environmental Protection Agency’s most recent survey of the infrastructure needs of California’s public water systems, the amount of money available through the fund to finance those needs, the total dollar amount of all funding agreements executed pursuant to this chapter since the date of the previous report or Internet Web site post, the fund utilization rate, the amount of unliquidated obligations, and the total dollar amount paid to funding recipients since the previous report or Internet Web site post.

(c) This section shall become operative on July 1, 2014.

(Repealed (in Sec. 69) and added by Stats. 2014, Ch. 35, Sec. 70. (SB 861) Effective June 20, 2014. Section operative July 1, 2014, by its own provisions.)

[116760.38.](#)

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

(Added by Stats. 2015, Ch. 673, Sec. 14. (AB 1531) Effective January 1, 2016.)

[116760.39.](#)

(a) In addition to the actions described in Section 116760.40, the board may, to implement the Safe Drinking Water State Revolving Fund, improve access to financial assistance for small community water systems and not-for-profit nontransient noncommunity water systems serving severely disadvantaged communities by doing both of the following:

(1) Working to establish a payment process pursuant to which the recipient of financial assistance would receive funds within 30 days of the date on which the board receives a complete project payment request, unless the board, within that 30-day period, determines that the project payment would not be in accordance with the terms of the program guidelines.

(2) Investigating the use of wire transfers or other appropriate payment procedures to expedite project payments.

(b) This section shall become operative on July 1, 2014.

(Repealed (in Sec. 71) and added by Stats. 2014, Ch. 35, Sec. 72. (SB 861) Effective June 20, 2014.

Section operative July 1, 2014, by its own provisions.)

[116760.40.](#)

(a) The board may undertake any of the following actions to implement the Safe Drinking Water State Revolving Fund:

(1) Enter into agreements with the federal government for federal contributions to the fund.

(2) Accept federal contributions to the fund.

(3) Use moneys in the fund for the purposes permitted by the federal act.

(4) Provide for the deposit of matching funds and other available and necessary moneys into the fund.

(5) Make requests, on behalf of the state, for deposit into the fund of available federal moneys under the federal act.

(6) Determine, on behalf of the state, that public water systems that receive financial assistance from the fund will meet the requirements of, and otherwise be treated as required by, the federal act.

(7) Provide for appropriate audit, accounting, and fiscal management services, plans, and reports relative to the fund.

(8) Take additional incidental action as may be appropriate for adequate administration and operation of the fund.

(9) Enter into an agreement with, and accept matching funds from, a public water system.

(10) Charge public water systems that elect to provide matching funds a fee to cover the actual cost of obtaining the federal funds pursuant to Section 1452(e) of the federal act (42 U.S.C. Sec.

300j-12) and to process the loan application. The fee shall be waived by the board if sufficient funds to cover those costs are available from other sources.

(11) Use any source of matching funds, if not prohibited by statute, as matching funds for the federal administrative allowance under Section 1452(g) of the federal act (42 U.S.C. Sec. 300j-12).

(12) Establish separate accounts or subaccounts as required or allowed in the federal act and related guidance, for funds to be used for administration of the fund and other purposes. Within the fund, the board may modify existing accounts and may establish other accounts as the board deems appropriate or necessary for proper administration of the chapter.

(13) Deposit federal funds for administration and other purposes into separate accounts or subaccounts, as allowed by the federal act.

(14) Determine, on behalf of the state, whether sufficient progress is being made toward compliance with the enforceable deadlines, goals, and requirements of the federal act and the California Safe Drinking Water Act, Chapter 4 (commencing with Section 116270).

(15) To the extent permitted under federal law, including, but not limited to, Section 1452(a)(2) and (f)(4) of the federal Safe Drinking Water Act (42 U.S.C. Sec. 300j-12(a)(2) and (f)(4)), use any and all amounts deposited in the fund, including, but not limited to, loan repayments and interest earned on the loans, as a source of reserve and security for the payment of principal and interest on revenue bonds, the proceeds of which are deposited in the fund.

(16) Request the Infrastructure and Economic Development Bank (I-Bank), established under Chapter 2 (commencing with Section 63021) of Division 1 of Title 6.7 of the Government Code, to issue revenue bonds, enter into agreements with the I-Bank, and take all other actions necessary or convenient for the issuance and sale of revenue bonds pursuant to Article 6.3 (commencing with Section 63048.55) of Chapter 2 of Division 1 of Title 6.7 of the Government Code. The purpose of the bonds is to augment the fund.

(17) Engage in the transfer of capitalization grant funds, as authorized by Section 35.3530(c) of Title 40 of the Code of Federal Regulations and reauthorized by Public Law 109-54, to the extent set forth in an Intended Use Plan, that shall be subject to approval by the board.

(18) Cross-collateralize revenue bonds with the State Water Pollution Control Revolving Fund created pursuant to Section 13477 of the Water Code, as authorized by Section 35.3530(d) of Title 40 of the Code of Federal Regulations.

(b) This section shall become operative on July 1, 2014.

(Repealed (in Sec. 73) and added by Stats. 2014, Ch. 35, Sec. 74. (SB 861) Effective June 20, 2014. Section operative July 1, 2014, by its own provisions.)

116760.41.

Moneys in the fund and the special accounts may be expended for additional purposes provided in the federal act.

(Added by Stats. 1997, Ch. 734, Sec. 15. Effective October 7, 1997.)

116760.42.

(a) The board may enter into an agreement with the federal government for federal contributions to the fund only if the board is prepared to commit to expenditure of any minimum amount in the fund in the manner required by the federal act.

(b) An agreement between the board and the federal government shall contain those provisions, terms, and conditions required by the federal act, and implementing federal rules, regulations, guidelines, and policies, including, but not limited to, agreement to the following:

(1) Moneys in the fund shall be expended in an expeditious and timely manner.

(2) All moneys in the fund as a result of federal capitalization grants shall be expended to ensure sufficient progress is being made toward compliance with the enforceable deadlines, goals, and requirements of the federal act, including any applicable compliance deadlines.

(3) Federal funds deposited in the special accounts are continuously appropriated for use by the board as allowed by federal law. Unexpended funds in the special accounts shall be carried over into subsequent years for use by the board.

(4) This section shall become operative on July 1, 2014.

(Repealed (in Sec. 75) and added by Stats. 2014, Ch. 35, Sec. 76. (SB 861) Effective June 20, 2014. Section operative July 1, 2014, by its own provisions.)

[116760.43.](#)

(a) The board shall implement this chapter pursuant to the adoption of a policy handbook that is not subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code. The policy handbook shall be posted on the board's Internet Web site.

(b) Any regulations that have been promulgated pursuant to this chapter are repealed effective upon adoption by the board of the policy handbook.

(c) This section shall become operative on July 1, 2014.

(Repealed (in Sec. 77) and added by Stats. 2014, Ch. 35, Sec. 78. (SB 861) Effective June 20, 2014. Section operative July 1, 2014, by its own provisions.)

[116760.44.](#)

(a) The board may deposit administrative fees and charges paid by public water systems and other available and necessary money into an account of the fund.

(b) This section shall become operative on July 1, 2014.

(Repealed (in Sec. 79) and added by Stats. 2014, Ch. 35, Sec. 80. (SB 861) Effective June 20, 2014. Section operative July 1, 2014, by its own provisions.)

[116760.45.](#)

(a) For purposes of this section "act" means the American Recovery and Reinvestment Act of 2009.

(b) Notwithstanding any other provision of this chapter or any regulations adopted pursuant to this chapter, the department may expend moneys in the fund, received from the federal

government pursuant to the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), in accordance with the provisions of the act and federal guidelines implementing the act. To the extent that any law or regulation of the state is in conflict with the provisions and requirements of the act, to the extent that the conflict impairs the expenditure of federal moneys received, the provisions and requirements of the act shall prevail.

(c) The department may develop criteria necessary to implement the act. These criteria shall not be subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The department shall publish the criteria on its Internet Web site and shall provide opportunity for public review and comment, to include at least one public hearing conducted upon not less than 20 days' notice.

(d) For the implementation of the act, the maximum amount of a grant to an applicant under this chapter is ten million dollars (\$10,000,000) per project.

(Added by Stats. 2009, 3rd Ex. Sess., Ch. 25, Sec. 1. Effective March 27, 2009.)

[116760.46.](#)

(a) The Safe Drinking Water Small Community Emergency 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.

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

(2) Any amounts collected under this subdivision shall be deposited in the grant fund.

(3) 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 the board's goals as specified in 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.

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

(d) (1) Moneys in the grant fund may be expended on grants for projects that meet the requirements of this chapter and that serve disadvantaged and severely disadvantaged communities or address emergencies experienced by small community water systems.

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

(3) Funds expended pursuant to this section shall be expended in a manner consistent with the federal EPA capitalization grant requirements established in Section 35.3530(b)(2) of Title 40 of the Code of Federal Regulations.

(e) This section shall become operative on July 1, 2014.

*(Repealed (in Sec. 81) and added by Stats. 2014, Ch. 35, Sec. 82. (SB 861) Effective June 20, 2014.
Section operative July 1, 2014, by its own provisions.)*