

**WATER CODE - WAT**

**DIVISION 30. CalConserve Water Use Efficiency Revolving Loan Program [81000 - 81046]**

*( Division 30 added by Stats. 2014, Ch. 825, Sec. 2. )*

**PART 1. General Provisions [81000 - 81005]**

*( Part 1 added by Stats. 2014, Ch. 825, Sec. 2. )*

**81000.**

(a) It is the intent of the Legislature in establishing the CalConserve Water Use Efficiency Revolving Fund to create a sustainable funding source for water use efficiency projects.

(b) It is further the intent of the Legislature that the funds from the CalConserve Water Use Efficiency Revolving Fund be used for the following purposes:

(1) Measurable reductions in urban per capita water use.

(2) Improvements in agricultural water use efficiency and measurable reductions in agricultural water use.

(3) Increased use of recycled water.

(4) Reductions in greenhouse gas emissions and water and energy use.

(c) It is the intent of the Legislature that any public funds made available by this division to private water companies regulated by the Public Utilities Commission should be for the benefit of the ratepayers or the public and not the investors pursuant to oversight by the Public Utilities Commission.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

**81005.**

For purposes of this division, the following terms have the following meanings:

(a) "Fund" means the CalConserve Water Use Efficiency Revolving Fund established pursuant to Section 81020.

(b) "Local agency" means a city, county, city and county, municipal utility district, community services district, sanitary district, sanitation district, water district as defined in Section 20200, public water system as defined in Section 116275 of the Health and Safety Code, or private water company under the jurisdiction of the Public Utilities Commission.

(c) "On-bill financing" means a utility-based method for providing low-interest or no-interest financing for water use efficiency improvements through the monthly utility bill.

(d) "Technical assistance" means costs incurred for providing advice, training, or other assistance to local agencies, such as the following:

(1) Conducting specialized studies to identify water conservation opportunities that meet the intent of Section 81000.

(2) Planning of specific remodeling, renovation, repair, replacement, or other projects related to water conservation.

(3) Developing a project proposal for funding from the fund.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

## **PART 2. CalConserve Water Use Efficiency Revolving Fund [81020 - 81035]**

*( Part 2 added by Stats. 2014, Ch. 825, Sec. 2. )*

### **81020.**

The CalConserve Water Use Efficiency Revolving Fund is hereby created in the State Treasury. Moneys in the fund are available, upon appropriation by the Legislature, to the department for expenditure in accordance with this division. The department is the state agency responsible for administering the fund.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

### **81022.**

The proceeds of any bonds authorized to be issued and available for the purposes of Section 79157 shall be transferred to the fund and used by the department for loans and grants to local agencies to acquire and construct agricultural water conservation projects consistent with Article 3 (commencing with Section 79157) of Chapter 8 of Division 26.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

### **81023.**

Consistent with Division 26.7 (commencing with Section 79700), the sum of ten million dollars (\$10,000,000) of the proceeds of bonds authorized to be issued and available for the purposes of Section 79746 shall be transferred to the fund and used by the department, upon appropriation, for loans for the following water conservation and water use efficiency projects and programs to achieve urban water use targets developed pursuant to Section 10608.20:

(a) (1) Five million dollars (\$5,000,000) for a pilot project for local agencies to provide water efficiency upgrades to eligible residents at no upfront cost.

(2) Five million dollars (\$5,000,000) for local agencies to provide low-interest loans to customers to finance the installation of onsite improvements to repair or replace, as necessary, cracked or leaking water pipes to conserve water.

(b) The department may implement this section by providing to a local agency a zero-interest loan of up to three million dollars (\$3,000,000).

(c) A local agency that receives a loan pursuant to this section shall exercise reasonable efforts to recover the costs of the loan. However, the department may waive up to 10 percent of the repayment amount for costs that could not be recovered by the local agency.

(d) The department and a local agency that is an urban retail water supplier and that receives a loan pursuant to this section may enter into a mutually agreeable schedule for making loan repayments into the CalConserve Water Use Efficiency Revolving Fund.

*(Added by Stats. 2015, Ch. 2, Sec. 9. Effective March 27, 2015.)*

#### **81024.**

The department may undertake any of the following:

(a) Provide for the deposit of any available and necessary moneys into the fund.

(b) Enter into agreements with local agencies that provide water or recycled water service to provide loans for the purposes described in subdivision (b) of Section 81000.

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

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

(e) Make requests on behalf of the state for deposit into the fund of available federal moneys.

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

(g) Accept federal contributions to the fund.

(h) Provide technical assistance to local agencies.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

#### **81026.**

(a) The department may enter into an agreement with the federal government for federal contributions to the fund only if both of the following conditions are met:

(1) The state identifies any required matching funds.

(2) The department is prepared to commit to the expenditure of any minimum amount in the fund in the manner required by the federal government.

(b) Any agreement between the department and the federal government shall contain those provisions, terms, and conditions required by the federal government and any implementing federal rules, regulations, guidelines, and

policies, including, but not limited to, agreement to expend moneys in the fund in an expeditious and timely manner.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

### **81030.**

Moneys in the fund shall be used for the following purposes:

(a) Loans to local agencies that meet all of the following requirements:

(1) Are made at or below market interest rates.

(2) Require annual payments of principal and any interest, with repayment commencing not later than one year after loan funding and full amortization not later than 20 years after loan funding. Full amortization for loans to disadvantaged communities shall be not later than 25 years after loan funding.

(3) Require the loan recipient to establish an acceptable dedicated source of revenue for repayment of a loan.

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

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

(d) To earn interest.

(e) Technical assistance.

(f) For payment of the department's reasonable costs of administering the fund, not to exceed 4 percent of the fund.

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

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

### **81033.**

Funds made available pursuant to this division to a local agency shall not be used for that local agency's administrative costs.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

### **81035.**

Any repayment of fund moneys, including interest payments, and all interest earned on, or accruing to, any moneys in the fund, shall be deposited in the fund

and shall be available for expenditure for the purposes and uses authorized by this division.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

### **PART 3. Implementation [81040 - 81046]**

*( Part 3 added by Stats. 2014, Ch. 825, Sec. 2. )*

#### **81040.**

Projects shall have one or more of the following benefits:

- (a) Measurably reduce urban per capita potable water use.
- (b) Measurably reduce agricultural water use.
- (c) Increase the use or availability of recycled water supply.
- (d) Reduce greenhouse gas emission and water and energy use.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

#### **81042.**

Subject to all applicable constitutional restrictions, a local agency may borrow money and incur indebtedness pursuant to this division.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

#### **81044.**

The department may adopt rules and guidelines necessary or convenient to implement this division.

*(Added by Stats. 2014, Ch. 825, Sec. 2. Effective January 1, 2015.)*

#### **81046.**

A local agency may implement water use efficiency loan programs pursuant to this division through on-bill financing.

*(Amended by Stats. 2015, Ch. 2, Sec. 10. Effective March 27, 2015.)*