



A G E N D A

LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE

Thursday, March 17, 2016

3:30 p.m. – 5:00 p.m.

Association of Bay Area Governments, 101 8th Street, Conference Room B, Oakland, CA

Committee Members

Chair: Supervisor Scott Haggerty, Alameda County

Vice Chair: Councilmember Desley Brooks, City of Oakland

Supervisor Dave Cortese, County of Santa Clara

Mayor Bill Harrison, City of Fremont

Supervisor Mark Luce, County of Napa, ABAG Immediate Past President

Supervisor Karen Mitchoff, County of Contra Costa

Councilmember Julie Pierce, ABAG President, City of Clayton

Mayor Harry Price, City of Fairfield

Supervisor David Rabbitt, ABAG Vice President, County of Sonoma

Supervisor Linda Seifert, County of Solano

Staff: *Brad Paul, Deputy Executive Director*

Halimah Anderson, Communications Officer

1. CALL TO ORDER
2. OPEN AGENDA-PUBLIC COMMENT
3. APPROVAL OF MINUTES FROM JANUARY 21, 2016 MEETING Action
4. JERRY LAHR, ABAG ENERGY PROGRAMS MANAGER
Update on ABAG Water Efficiency Legislation SB 1233 Information
5. HALIMAH ANDERSON – NEW LEGISLATION PROPOSED FOR 2014 LEGISLATIVE SESSION

For review and analysis, the following legislation will be discussed and positions recommended:

- [AB 1915](#) (Miguel Santiago D) Homelessness: Affordable Housing.
- [AB 1934](#) (Miguel Santiago D) Planning and Zoning: Density Bonuses
- [AB 2031](#) (Susan Bonta D) Local government: Affordable Housing: Financing.
- [AB 2050](#) (Marc Steinorth R) Redevelopment.
- [AB 2208](#) (Miguel Santiago D) Public Building Construction and Seismic Retrofit: Additional Affordable Housing Structures or Levels.
- [AB 2299](#) (Richard Bloom D) Land use: Housing: 2nd Units.
- [AB 2406](#) (Tony Thurmond D) Housing: Junior Accessory Dwelling Units.
- [AB 2413](#) (Tony Thurmond D) Sea Level Rise Preparation.
- [AB 2442](#) (Chris Holden D) Density Bonuses.
- [AB 2500](#) (Tom Daly D) Land Use.
- [AB 2584](#) (Tom Daly D) Land use: Housing Development.
- [AB 2734](#) (Toni Atkins D) Local Control Affordable Housing Act.
- [AB 2783](#) (Cristina Garcia D) Affordable Housing and Sustainable Communities Program.
- [AB 2817](#) (David Chiu D) Income Taxes: Credits: Low-income Housing: Allocation increase.
- [ABX1 6](#) (Roger Hernández D) Affordable Housing and Sustainable Communities Program.
- [SB 438](#) (Jerry Hill D) Earthquake Safety: Statewide Earthquake early warning system: funding.
- [SB 1000](#) (Connie Leyva D) Land use: general plans: environmental justice.
- [SB 1069](#) (Bob Wieckowski D) Land use: zoning.
- [SB 1233](#) (Mike McGuire D) Joint powers authorities: Water Bill Savings Act.

6. Report on 2016 Legislative Workshop and Reception

10. ADJOURNMENT

The next L&GO Committee Meeting will be held on **May 19, 2016**.

*The ABAG L&GO Committee may act on any item on this agenda.
Agenda and attachments available at ABAG/Front Desk, 101 8th Street, Oakland, CA
or at www.abag.ca.gov/meetings.*

For information, contact Halimah Anderson, at (510) 464-7986

**ASSOCIATION OF BAY AREA GOVERNMENTS
LEGISLATION AND GOVERNMENTAL ORGANIZATION
COMMITTEE**

**Thursday, January 21, 2016
Summary Minutes**

Committee Members Present:

Vice Chair, Councilmember Desley Brooks, City of Oakland
Supervisor David Cortese, County of Santa Clara
Councilmember Julie Pierce, ABAG President, City of Clayton
Supervisor David Rabbitt, ABAG Vice President, Sonoma County
Supervisor Linda Seifert, Solano County
Supervisor Karen Mitchoff, Contra Costa County

ABAG Staff:

Ezra Rapport, Executive Director
Brad Paul, Deputy Executive Director
Halimah Anderson – Communications Officer
Jerry Lahr, Energy Programs Manager
Jenny Berg, BayREN Program Manager
Duane Bay, Assistant Planning and Research Director
Arrietta Chakos, Resilience Program Policy Advisor
Pedro Galvao, Regional Planner

Public:

Ken Bukowski/Filming

1. Call To Order

2. Approval of Minutes

The November 19, 2015 minutes were approved as written. (6-0)

3. Overview on Resilience Program

Duane Bay, Assistant Planning and Research Director, and Arrietta Chakos, Resilience Program Consultant presented an overview of ABAG’s Resilience Program and Resilience Initiatives for 2016 related to the FEMA and Rockefeller Foundation 100 Resilient Cities Grants. Arrietta noted that staff will work with electeds on implementation of the Loma Prieta policy actions that have been outlined.

4. Jerry Lahr, ABAG Energy Programs Manager

An update and overview on ABAG Water Efficiency Pooled Finance Legislation (“Water Bill Savings Act”) was presented. This legislation would extend the existing authority for JPAs to raise funds that subsequently would be used by municipal water utilities to provide water customers with water efficiency projects and services.

David Rabbitt, ABAG Vice President and Sonoma County Supervisor made a motion to approve the proposed ABAG Water Efficiency Pooled Finance Legislation (“Water Bill Savings Act”). Julie Pierce, ABAG President and City of Clayton Councilmember seconded the motion by Rabbitt. The Committee voted to approve the proposed legislation. (6-0)

5. Pedro Galvao, ABAG Regional Planner presented an updated Unaccompanied Minors Report

Dave Cortese, Santa Clara Supervisor, moved that ABAG continue to survey counties and cities to identify resources and that the Committee provide more input, so that the list of providers for Unaccompanied Minors will be more complete. Cortese also moved that ABAG staff work with Councilmember Brooks on language and a new title for the report.

Cortese said the original intent of the report was to serve as a clearinghouse document to let each city and county know what is going on in other jurisdictions. The final approved document should be used for that purpose.

The motion by Cortese to modify the report was seconded by Desley Brooks and approved by the Committee. (6-0)

6. Halimah Anderson, ABAG Communications Officer presented an L&GO Committee Overview on the status of 2015 Legislation and a preliminary report on 2016

Legislation. It was noted that comprehensive 2016 Legislation will be reviewed and voted on at the next Committee meeting in March.

7. 2016 Legislative Priorities

Attendees briefly reviewed the 2016 Legislative Priorities and noted the addition of a line item focusing on legislation related to resiliency.

8. 2016 Legislative Reception

It was noted that the 2016 Legislative Workshop and Reception will be held in Sacramento on February 10th. An invitation and preliminary agenda was included in the L&GO packet. An invitation and draft agenda were also sent to the Committee in early January. All were encouraged to attend.

9. Adjournment - Meeting was adjourned at 4:45 p.m.

The next meeting of the L&GO Committee will be on **March 17, 2016.**



ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

LEGISLATION SUMMARY 2016 State Legislative Session Legislation & Governmental Organization Committee March 17, 2016

New Bills:

Bills to be reviewed are listed in numeric order with Assembly bills listed first, followed by Senate bills

AB 1915 (Miguel Santiago D) Homelessness: Affordable Housing. (Introduced: 2/11/2016)

Status: 2/12/2016-From printer. May be heard in committee March 13.

Location: 2/11/2016-A. PRINT

Summary: Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, veteran housing, home ownership for very low and low-income households, and down payment assistance for first-time homebuyers. This bill would state the intent of the Legislature to enact legislation that would reduce homelessness and increase the availability of affordable housing.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

AB 1934 (Miguel Santiago D) Planning and Zoning: Density Bonuses. (Introduced: 2/12/2016)

Status: 2/25/2016-Referred to Coms. on H. & C.D. and L. GOV.

Location: 2/25/2016-A. H. & C.D.

Summary: The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents. Existing law requires continued affordability for 55 years or longer, as specified, of all very low and low-income units that qualified an applicant for a density bonus. Existing law defines the term "housing development" for these purposes to mean a development project for 5 or more residential units, as specified. This bill would specify that for these purposes the term "housing development" may include a mixed-use project or a commercial development with a housing component. By increasing the duties of local officials relating to the administration of density bonuses, this bill would create a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

AB 2031 (Susan Bonta D) Local Government: Affordable Housing: Financing. (Introduced: 2/16/2016)

Status: 2/17/2016-From printer. May be heard in committee March 18.

Location: 2/16/2016-A. PRINT

Summary: Existing law establishes various programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, veteran housing, home ownership for very low and low-income households, and down payments for first-time homebuyers. Additionally, the Housing Authorities Law establishes public corporations known as housing authorities within each city and county in this state, and authorizes these housing authorities to undertake various actions for the purpose of increasing the availability of housing. This bill would state the intent of the Legislature to enact legislation that would allow local governments to provide additional funding for affordable housing.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

AB 2050 (Marc Steinorth R) Redevelopment. (Introduced: 2/17/2016)

Status: 2/18/2016-From printer. May be heard in committee March 19.

Location: 2/17/2016-A. PRINT

Summary: The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, and requires that not less than 20% of taxes allocated to an agency be dedicated for the provision of low- and moderate-income housing. Existing law requires that every redevelopment plan adopted or amended after January 1, 1977, to expand a project area contain a provision that affordable housing units destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project be replaced with dwelling units at affordable cost, as described. This bill would make nonsubstantive changes to the provision of the Community Redevelopment Law requiring the replacement of affordable housing units. This bill contains other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Pending*

L&GO Position:

AB 2208 (Miguel Santiago D) Public Building Construction and Seismic Retrofit: Additional Affordable Housing Structures or Levels. (Introduced: 2/18/2016)

Status: 2/19/2016-From printer. May be heard in committee March 20.

Location: 2/18/2016-A. PRINT

Summary: Existing law establishes the powers of the State Public Works Board, for the purposes of the State Building Construction Act of 1955, including the authority to construct public buildings, as defined. Existing law requires all moneys received by the board from whatever source derived, to be deposited in the State Treasury to the credit of the Public Buildings Construction Fund, which is continuously appropriated to the board for specific purposes. This bill would require, before constructing, including seismic retrofitting, a public building with state funds, the board to sell the air rights above the public building to a private or nonprofit developer to construct affordable housing above the public building. The bill would also require the public works contract to construct the public building to include provisions that require the building to be constructed or retrofitted to accommodate additional structures or levels that may be added by a private or nonprofit developer to provide affordable housing. By increasing the amount of funds deposited into a continuously appropriated fund, this bill would make an appropriation. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Pending*

L&GO Position:

AB 2299 (Richard Bloom D) Land Use: Housing: 2nd Units. (Introduced: 2/18/2016)

Status: 2/19/2016-From printer. May be heard in committee March 20.

Location: 2/18/2016-A. PRINT

Summary: The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. This bill would, instead, require a local agency to provide by ordinance for the creation of 2nd units in these zones. By increasing the duties of local officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *No Position*

L&GO Position:

AB 2406 (Tony Thurmond D) Housing: Junior Accessory Dwelling Units. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: The Planning and Zoning Law authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential areas, as prescribed. This bill would, in additions, authorize a local agency to provide by ordinance for the creation of junior accessory dwelling units, as defined, in single-family residential zones. The bill would require the ordinance to include, among other things, standards for the creation of a junior accessory dwelling unit, required deed restrictions, and occupancy requirements. The bill would prohibit an ordinance from requiring, as a condition of granting a permit, water and sewer connection fees, additional parking, or fire sprinklers or fire attenuation requirements.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *No Position*

L&GO Position:

AB 2413 (Tony Thurmond D) Sea Level Rise Preparation. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: Existing law declares the intent of the Legislature to prioritize the state's response to the impacts resulting from climate change by ensuring all state departments and agencies prepare for and are ready to respond to the impacts of climate change, such as sea level rise. Existing law, by July 1, 2017, and every 3 years thereafter, requires the Natural Resources Agency to update the state's climate adaptation strategy, which includes vulnerabilities to climate change and priority actions needed to reduce the risk to climate change. Existing law, until January 1, 2018, also requires the agency to create, biannually update, and post on an Internet Web site a Planning for Sea Level Rise Database, as specified, and requires specified entities to provide to the agency certain sea level rise planning information for inclusion in the database. This bill would require the agency, on or before January 1, 2019, to complete a study outlining the potential impact of sea level rise on low-income and at-risk communities and public projects and infrastructure. The bill would require the agency, based on the study, to make recommendations on preparing for sea level rise, as specified.

Staff Recommendation: *Watch*

League: *Watch*

CSAC:

L&GO Position:

AB 2442 (Chris Holden D) Density Bonuses. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents. This bill would additionally require a density bonus to be provided to a developer that agrees to construct a housing development that includes at least 5% of the total units for transitional foster youth, as defined. By increasing the duties of local agencies, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC:

L&GO Position:

AB 2500 (Tom Daly D) Land use. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: Existing law, the Planning and Zoning Law, requires a city or county to prepare and adopt a comprehensive, long-term general plan, and requires the general plan to include certain mandatory elements, including a housing element. That law also requires the housing element, in turn, to include, among other things, an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of those needs. That law further requires the Department of Housing and Community Development to review the draft of the housing element or draft amendment of the housing element prior to its adoption by the planning agency for a city or county and, in written findings, determine whether the draft substantially complies with the legal requirements for a housing element. This bill would declare the intent of the Legislature to enact legislation that would authorize the department to rescind the adoption of a housing element.

Staff Recommendation: *Watch*

League: *Watch*

CSAC:

L&GO Position:

AB 2584 (Tom Daly D) Land Use: Housing Development. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: The Housing Accountability Act, among other things, prohibits a local agency from disapproving a housing development project for very low, low-, or moderate-income households or an emergency shelter unless the local agency makes specified written findings. The act authorizes an applicant or person who would be eligible to apply for residency in the development or emergency shelter to bring an action to enforce the act. This bill would authorize an entity that represents a housing provider or a person who would be eligible to apply for residency to bring an action to enforce the act.

Staff Recommendation: *Watch*

League: *Watch*

CSAC:

L&GO Position:

AB 2734 (Toni Atkins D) Local Control Affordable Housing Act. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: Existing law, effective February 1, 2012, dissolved all redevelopment agencies and community development agencies and provides for the designation of successor agencies, as specified. Existing law requires successor agencies to service the enforceable obligations of the dissolved agencies and otherwise wind down the affairs of the dissolved agencies. This bill would establish the Local Control Affordable Housing Act to require the Department of Finance, on or before the same date each year thereafter, to determine the state General Fund savings for the fiscal year as a result of the dissolution of redevelopment agencies. The bill would provide that, upon appropriation, 50% of that amount be allocated to the Department of Housing and Community Development to provide funding to local agencies for housing purposes. The bill would require the Department of Housing and Community Development to create an equitable funding formula, which shall be geographically balanced and shall take into account factors of need including, but not limited to, poverty rates and lack of supply of affordable housing for persons of low and moderate incomes in local jurisdictions. The bill would also specify the housing purposes for which those funds may be used.

Staff Recommendation: *Support*

League: *Watch*

CSAC:

L&GO Position:

AB 2783 (Cristina Garcia D) Affordable Housing and Sustainable Communities Program.

(Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council, to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. Existing law requires the council to develop guidelines and selection criteria for the program. This bill would require the Strategic Growth Council to revise the guidelines and selection criteria with respect to density requirements, as specified, and to include specified factors, including energy efficiency, in its greenhouse gas quantification methodology.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *No Position*

L&GO Position:

AB 2817 (David Chiu D) Income Taxes: Credits: Low-Income Housing: Allocation

Increase. (Introduced: 2/19/2016)

Status: 2/22/2016-Read first time.

Location: 2/19/2016-A. PRINT

Summary: Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, personal income, and corporation income tax credit amounts among low-income housing projects based on federal law. Existing law, in modified conformity to federal income tax law, allows the credit based upon the applicable percentage, as defined, of the qualified basis of each qualified low-income building. Existing law limits the total annual amount of the credit that the committee may allocate to \$70 million per year, as specified. This bill, for calendar years 2017 through 2022, inclusive, would increase the

aggregate housing credit dollar amount that may be allocated among low-income housing projects by \$100,000,000, as specified. The bill, under the insurance taxation law, the Personal Income Tax Law, and the Corporation Tax Law, would modify the definition of applicable percentage relating to qualified low-income buildings that meet specified criteria. This bill contains other related provisions.

Staff Recommendation: Support

League: Watch

CSAC: Watch

L&GO Position:

ABX1 6 (Roger Hernández D) Affordable Housing and Sustainable Communities

Program. (Introduced: 7/16/2015)

Status: 7/17/2015-From printer.

Location: 7/16/2015-A. PRINT

Summary: Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council, to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. This bill would require 20% of moneys available for allocation under the program to be allocated to eligible projects in rural areas, as defined. The bill would further require at least 50% of those moneys to be allocated to eligible affordable housing projects. The bill would require the council to amend its guidelines and selection criteria consistent with these requirements and to consult with interested stakeholders in this regard.

Staff Recommendation: Watch

League: Watch

CSAC:

L&GO Position:

SB 438 (Jerry Hill D) Earthquake Safety: Statewide Earthquake Early Warning System:

Funding. (Amended: 3/2/2016)

Status: 2/22/2016-From committee with author's amendments. Read second time and amended. Re-referred to Com. on G.O.

Location: 2/22/2016-A. G.O.

Summary: Existing law requires the Office of Emergency Services, in collaboration with specified entities, to develop a comprehensive statewide earthquake early warning system in California through a public-private partnership, as specified. Existing law requires the office to identify funding for the system through single or multiple sources of revenue, and requires those sources to exclude the General Fund and to be limited to federal funds, funds from revenue bonds, local funds, and funds from private sources. Under existing law, the requirement that the office develop the system is not operative until funding is identified, and is repealed if funding is not identified by July 1, 2016. This bill would discontinue the requirement that the funding sources for the system exclude the General Fund and be limited to federal funds, funds from revenue bonds, local funds, and funds from private sources. The bill would delete the provisions providing for the repeal and the contingent operation of the requirement that the office develop the system. The bill would appropriate \$23,100,000 from the General Fund to the office for the purpose of implementing the system.

Staff Recommendation: Watch

League: Watch

CSAC: Watch

L&GO Position:

SB 1000 (Connie Leyva D) Land Use: General Plans: Environmental Justice. (Introduced: 2/10/2016)

Status: 2/18/2016-Referred to Coms. on GOV. & F. and E.Q.

Location: 2/18/2016-S. GOV. & F.

Summary: The Planning and Zoning Law requires the legislative body of each county and city to adopt a comprehensive, long-term general plan for the physical development of the county or city and of any land outside its boundaries that bears relation to its planning. That law requires this general plan to include several elements, including, among others, land use, open-space, safety, and conservation elements, which are required to meet specified requirements. This bill would add to the required elements of the general plan an environmental justice element that identifies and appraises the burdens of undesirable land uses within disadvantaged communities, as defined, or that disproportionately impact a particular population on the basis of race, national origin, ethnic group identification, religion, age, sex, sexual orientation, color, or disability for specified purposes. By adding to the duties of county and city officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

SB 1069 (Bob Wieckowski D) Land Use: Zoning. (Introduced: 2/16/2016)

Status: 2/25/2016-Referred to Com. on RLS.

Location: 2/25/2016-S. RLS.

Summary: The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. That law makes findings and declarations with respect to the value of 2nd units to California's housing supply. This bill would add to those findings and declarations that allowing 2nd units in single-family or multifamily residential zones provides additional rental housing stock in California.

Staff Recommendation: *Watch*

League: *Watch*

CSAC:

L&GO Position:

SB 1233 (Mike McGuire D) Joint Powers Authorities: Water Bill Savings Act. (Introduced: 2/18/2016)

Act. (Introduced: 2/18/2016)

Status: 2/19/2016-From printer. May be acted upon on or after March 20.

Location: 2/18/2016-S. PRINT

Summary: Existing law, the Marks-Roos Local Bond Pooling Act of 1985, authorizes joint powers authorities, among other powers, to issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs. This bill would enact the Water Bill Savings Act, which would authorize a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. The bill would require the customer to repay the authority through an efficiency charge on the customer's water bill to be imposed and collected by the local agency or its publicly owned utility on behalf of the authority pursuant to a servicing agreement. The bill would authorize the authority to issue bonds to fund the program.

Staff Recommendation: *Support*

League: *Watch*

CSAC: *Pending*

L&GO Position: *Support*

Bills Previously Reviewed:

AB 1500 (Brian Maienschein) Planning and zoning: **Housing Element: Supportive Housing and Transitional Housing**

Status: 2/4/2016-Referred to Committee on Transportation and Housing

Location: 2/4/2016 to Committee on Transportation and Housing

Summary:

The Planning and Zoning Law requires a city or county to adopt a general plan for land use development that includes, among other things, a housing element. That law requires the housing element to include an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs. That law requires this assessment and inventory to include the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, as provided. This bill would authorize a city or county to additionally include in its assessment and inventory the identification of supportive housing and transitional housing, as those terms are defined in specified statutes. If a local government elects to include this identification in its assessment and inventory, the bill would impose certain requirements, including that the identified zone or zones include sufficient capacity to accommodate the need for supportive housing or transitional housing, that the local government demonstrate that existing or proposed permit processing, development, and management standards are objective and encourage and facilitate the development of supportive housing or transitional housing, and that supportive housing or transitional housing generally be subject only to the development and management standards that apply to residential or commercial development within the same zone. The bill would also provide that the permit processing, development, and management standards applied under these provisions would not be discretionary acts within the meaning of the California Environmental Quality Act.

Staff Recommendation: *Watch*

League: *No Position*

CSAC: *Pending*

L&GO Position:

AB 1591 (Jim Frazier) **Transportation Funding**

Status: 2/1/2016-Referred to Coms. on TRANS. and REV. & TAX.

Location: 2/1/2016-A. TRANS.

Summary:

Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account. This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street system. The bill would require the California Transportation Commission to adopt performance criteria to ensure efficient use of the funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.225 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill, including an inflation adjustment as provided, an increase of \$38 in the annual vehicle registration fee, and a new \$165 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Pending*

L&GO Position:

SB 879 (Jim Beall) Housing: Bond Act

Status: 1/28/2016-Referred to Com. on RLS.

Location: 1/28/2016-S. RLS.

Summary: Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, homeownership for very low and low-income households, and down payment assistance for first-time homebuyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. This bill would state the intent of the Legislature to enact legislation that would authorize the issuance of bonds and would require the proceeds from the sale of these bonds to be used to finance housing related programs that serve the homeless and extremely low income and very low income Californians.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

ABX1 24 (Marc Levine and Philip Ting) Bay Area Transportation Commissioners

Status: 9/12/2015-From printer.

Location: 9/11/2015-A. PRINT

Summary: Existing law designates the Metropolitan Transportation Commission as the regional transportation planning agency for the San Francisco Bay area, with various powers and duties with respect to transportation planning and programming, as specified, in the 9-county San Francisco Bay area region. Existing law creates the Bay Area Toll Authority, governed by the same board as the commission, but created as a separate entity, with specified powers and duties relative to the administration of certain toll revenues from state-owned toll bridges within the geographic jurisdiction of the commission. Under existing law, the commission is comprised of 21 appointed members, as specified. This bill, effective January 1, 2017, would redesignate the Metropolitan Transportation Commission as the Bay Area Transportation Commission. The bill would require commissioners to be elected by districts comprised of approximately 750,000 residents. The bill would require each district to elect one commissioner, except that a district with a toll bridge, as defined, within the boundaries of the district would elect 2 commissioners. The bill would require commissioner elections to occur in 2016, with new commissioners to take office on January 1, 2017. The bill would state the intent of the Legislature for district boundaries to be drawn by a citizens' redistricting commission and campaigns for commissioners to be publicly financed. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *No Position*

CSAC: *No Position*

L&GO Position: *Oppose*

AB 45 (Kevin Mullin D, San Mateo County) Household Hazardous Waste

Amended: 1/21/2016

Status: 2/4/2016-Referred to Com. on E.Q.

Location: 2/4/2016-S. E.Q.

Summary: The California Integrated Waste Management Act of 1989, which is administered by the Department of Resources Recycling and Recovery, requires, among other things, each city and each county to prepare a household hazardous waste element containing specified components, and to submit that element to the department for approval. Existing law requires the department to approve the element if the local agency demonstrates that it will comply with specified requirements. A city or county is required to submit an annual report to the department summarizing its progress in reducing solid waste, including an update of the jurisdiction's household hazardous waste element. This bill would require the department to

adopt one or more model ordinances for a comprehensive program for the collection of household hazardous waste and would authorize a local jurisdiction that provides for the residential collection and disposal of solid waste that proposes to enact an ordinance governing the collection and diversion of household hazardous waste to adopt one of the model ordinances adopted by the department. The bill would require the department to determine whether a nonprofit organization has been created and funded to make grants to local jurisdictions for specified purposes relating to household hazardous waste disposal and would specify that if the department does not determine that such a nonprofit organization exists by December 31, 2018, then the bill's provisions would be repealed on January 1, 2019.

Staff Recommendation: *Watch*

League: *Oppose*

CSAC: *Oppose*

L&GO Position: *Watch*

SB X1 1 (Jim Beall D, San Jose) **Transportation Financing for Road Maintenance**

Introduced: 6/22/2015

Status: 9/1/2015 - From committee with author's amendments. Read second time and amended. Re-referred to Com. on Appr.

Summary: This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road *system and for other specified purposes*. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.12 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill and \$0.10 of a \$0.22 per gallon increase in the diesel fuel excise tax imposed by the bill, including an inflation adjustment, as provided, an increase of \$35 in the annual vehicle registration fee, a new \$100 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined, a new annual road access charge on each vehicle, as defined, of \$35, and repayment, over a 3-year period, of outstanding loans made in previous years from certain transportation funds to the General Fund. The bill would continuously appropriate the funds in the account for road maintenance and rehabilitation purposes and would allocate 5% of available funds to counties that approve a transactions and use tax on or after July 1, 2015, with the remaining funds to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program, and 50% to cities and counties pursuant to a specified formula.

Staff Recommendation: *Watch*

League: *Support*

CSAC: *Support*

MTC: *Watch*

L&GO Position: *Watch*

SB 7 (Lois Wolk D, Contra Costa County) **Housing: Water Meters: Multiunit Structures**

Status: 1/1/2016-Set for Hearing.

Location: 1/1/2016-A. UNFINISHED BUSINESS

Summary: Existing law generally regulates the hiring of dwelling units and, among other things, imposes certain requirements on landlords and tenants. Among these requirements, existing law requires landlords to provide tenants with certain notices or disclosures pertaining to, among other things, pest control and gas meters. This bill would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position: *Watch*

AB 18 (Bill Dodd D, Napa & Solano County) Disaster Relief: South Napa Earthquake

Introduced: 12/1/2014

Status: 8/27/2015-In committee: Held under submission.

Summary: The California Disaster Assistance Act generally provides that the state share for disaster project allocations to local agencies is no more than 75% of total state eligible costs, except for specified events for which the state share is up to 100% of state eligible costs. This bill would add the August 24, 2014, South Napa Earthquake, to the list of events for which the state share of state eligible cost is up to 100% and exempt the county from a specified planning requirement as a condition of receiving this level of assistance.

Staff Recommendation: *Support*

League: *Watch*

CSAC: *Support*

L&GO Position: *Support*



March 3, 2016

The Honorable Edmund G. Brown, Jr.
Governor of California
State Capitol Building
Sacramento, CA 95814

Re: Support of SB 1233 (McGuire) – Water Bill Savings Act

Dear Governor Brown:

On behalf of the Association of Bay Area Governments (ABAG), the Regional Council of Governments representing the nine counties and 100 cities and towns in the San Francisco Bay Area, I am writing to express our strong support of SB 1233 to address severe drought conditions. We support SB 1233, because it will facilitate the large scale adoption of water efficiency upgrades, which are needed to meet California's mandated drought response and greenhouse gas reduction goals.

The bill will help reduce water use, greenhouse gas emissions, and the cost of utility service, and incentivizes water efficiency among residential customers by enabling municipal water utilities to offer their customers the tools and incentives to make efficiency upgrades with no up-front costs. The Water Bill Savings Act will create a broad scale regional response to California's water supply issues by allowing JPAs to pool services and fund voluntary efficiency projects on private property. These efforts will be extremely impactful in our region with over seven million residents.

We urge your approval of SB 1233 to help local governments respond to drought in a way that is regionally efficient, financially sustainable, and available to all municipal utilities, large and small. If you wish further information on our position, please contact Brad Paul, Deputy Executive Director, at 510/464-7955.

Sincerely,

Julie Pierce
ABAG President and City of Clayton Councilmember

cc: Ms. Graciela Castillo-Krings - Deputy Legislative Secretary - Office of Governor Brown
Ms. Anna Caballero, Secretary - Business, Consumer Services and Housing Agency
Ms. Susan Riggs, Deputy Secretary Housing Policy - Business, Consumer Services and Housing Agency
Scott Haggerty, ABAG L&GO Committee Chair and Alameda County Supervisor
Senator Mike McGuire
Matthew Montgomery, Legislative Director, Office of Senator Mike McGuire
Assemblymember Adam Gray, Chair of the Governmental Organization Committee
Michael Arnold, Arnold and Associates

Water Efficiency Pooled Finance Program

The Bay Area Regional Energy Network (BayREN) Water Efficiency Pooled Finance Program (Program) is an elegant and multi-level solution to California’s mounting water supply and climate adaptation challenges. Organized under a Joint Powers Authority (JPA), the Program provides member municipal water utilities a way to offer their customers a simple path to make efficiency upgrades with no up-front costs. Participating customers pay for measures through a monthly tariffed surcharge affiliated with their water utility meter, with the assurance that bill savings exceed the surcharge. The JPA:

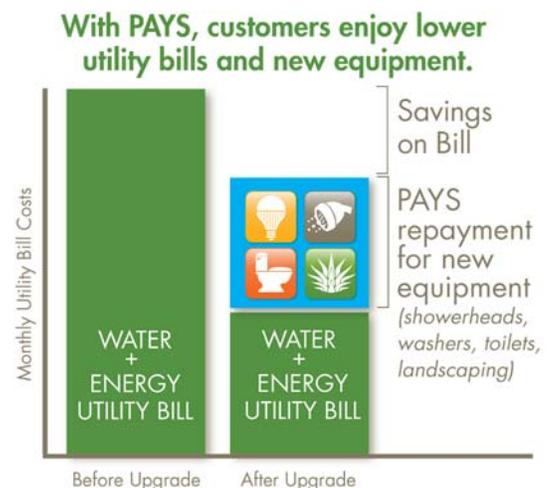
- Centralizes Program funding and administration.
- Secures the up-front capital required for wide-spread adoption of efficiency projects.
- Streamlines service delivery and simplifies Program operation.

The Program will facilitate the large scale adoption of efficiency upgrades required to meet California’s mandated drought response and greenhouse gas reductions.

Participating Customer Benefits

The Program allows participating water utility customers to purchase eligible program measures with specific program assurances field tested by BayREN’s PAYS® on-bill pilots:

- No up-front payment, no new debt obligation, no credit checks, and no liens.
- A utility-approved monthly tariffed surcharge that is lower than estimated savings generated.
- Repayment required only while they are a utility customer at the project location.
- A guarantee that failed measures are repaired or the payment obligation is terminated.



Program Benefits

The Program provides BayREN and member municipal water utilities with unique solutions to overcome common challenges to the wide-spread adoption of efficiency:

Windsor Efficiency PAYS® Program Highlights

- 5% of homes served; \$427,802 in On-bill Surcharges (as of 1/1/2015)
- 19.8% indoor water savings for Single Family (as of 4/1/2015)
- 33% indoor water savings for Multifamily (as of 4/1/2015)

- Access to capital to pay for up-front project costs - As a JPA, the Program pools member utilities into a single entity that can effectively raise capital to facilitate the delivery of Program services – the installation of water and energy upgrades – for Member Utilities and their customers.
- Efficient delivery of services – The Program centralizes Program administration and operation. Member Utilities aggregate customer on-bill surcharges and repay the Program for services received, without having to grow staff.

The Program is informed by BayREN PAYS® on-bill pilots with the Town of Windsor, City of Hayward, and East Bay Municipal Utility District. Analysis of these pilots, a Program Concept Paper, draft JPA governing documents, and additional information is available at www.bayren.org/content/onbilljpa.

Introduced by Senator McGuire
(Coauthor: Senator Wolk)
(Coauthors: Assembly Members Levine and Wood)

February 18, 2016

An act to amend Section 6586.7 of, and to add Section 6588.8 to, the Government Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 1233, as introduced, McGuire. Joint powers authorities: Water Bill Savings Act.

Existing law, the Marks-Roos Local Bond Pooling Act of 1985, authorizes joint powers authorities, among other powers, to issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs.

This bill would enact the Water Bill Savings Act, which would authorize a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. The bill would require the customer to repay the authority through an efficiency charge on the customer's water bill to be imposed and collected by the local agency or its publicly owned utility on behalf of the authority pursuant to a servicing agreement. The bill would authorize the authority to issue bonds to fund the program.

Vote: majority. Appropriation: no. Fiscal committee: no.
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) Water conservation efforts are indispensable to combating
4 the current and continuing drought conditions faced by the state
5 and advancing the state’s greenhouse gas emission reduction goals.

6 (b) The up-front cost of acquiring, installing, and repairing water
7 efficiency improvements is often prohibitive and may prevent
8 customers from using them on residential, commercial, industrial,
9 agricultural, or other real property.

10 (c) Increasing customer water efficiency is a core component
11 of the provision of water utility service.

12 SEC. 2. (a) It is the intent of the Legislature to make water
13 efficiency improvements more affordable and promote the
14 acquisition, installation, and repair of those improvements by
15 allowing local agencies to establish a mechanism by which they
16 may help their water customers to acquire, install, and repair water
17 efficiency improvements on privately owned customer properties.

18 (b) It is the intent of the Legislature that this act authorize the
19 development of a program to be established by a joint powers
20 authority that would provide a water customer with an alternative
21 and voluntary means to acquire, install, or repair water efficiency
22 improvements. It is further the intent of the Legislature that the
23 cost of this voluntarily acquired, installed, or repaired water
24 efficiency improvement be repaid through an efficiency charge
25 added to the water bill associated with the customer property upon
26 which the water efficiency improvement is located.

27 SEC. 3. Section 6586.7 of the Government Code, as added by
28 Section 4 of Chapter 723 of the Statutes of 2000, is amended to
29 read:

30 6586.7. (a) A copy of the resolution adopted by an authority
31 authorizing bonds or any issuance of bonds, or accepting the benefit
32 of any bonds or proceeds of bonds, except bonds issued or
33 authorized pursuant to Article 1 (commencing with Section 6500),
34 or bonds issued for the purposes specified in subdivision (c) of
35 Section 6586.5, shall be sent by certified mail to the Attorney
36 General and the California Debt and Investment Advisory
37 Commission not later than five days after adoption by the authority.

38 (b) This section does not apply to bonds:

- 1 (1) Specified in subdivision (c) of Section 6586.5.
- 2 (2) Issued pursuant to the Community Redevelopment Law,
- 3 Part 1 (commencing with Section 33000) of Division 24 of the
- 4 Health and Safety Code.
- 5 (3) To finance transportation facilities and vehicles.
- 6 (4) To finance a facility that is located within the boundaries of
- 7 an authority, provided that the authority that issues those bonds
- 8 consists of any of the following:
- 9 (A) Local agencies with overlapping boundaries.
- 10 (B) A county and a local agency or local agencies located
- 11 entirely within that county.
- 12 (C) A city and a local agency or local agencies located entirely
- 13 within that city.
- 14 (5) To finance a facility for which an authority has received an
- 15 allocation from the California Debt Limit Allocation Committee.
- 16 (6) Of an authority that consists of no less than 250 local
- 17 agencies and the agreement that established that authority requires
- 18 the governing body of the local agency that is a member of the
- 19 authority in whose jurisdiction the facility will be located to
- 20 approve the facility and the issuance of the bonds.
- 21 (7) *Issued pursuant to Section 6588.8.*
- 22 SEC. 4. Section 6588.8 is added to the Government Code, to
- 23 read:
- 24 6588.8. (a) This section shall be known and may be cited as
- 25 the Water Bill Savings Act.
- 26 (b) For purposes of this section, the following terms have the
- 27 following meanings:
- 28 (1) "Customer" means a person or entity that purchases water
- 29 from a local agency or its publicly owned utility and is billed for
- 30 the water by the local agency or its publicly owned utility.
- 31 (2) "Customer property" means residential, commercial,
- 32 industrial, agricultural, or other real property owned by the
- 33 customer.
- 34 (3) "Efficiency charge" means a charge on a customer's water
- 35 bill that is paid by the customer directly to the local agency or its
- 36 publicly owned utility in order to pay for an efficiency
- 37 improvement pursuant to this section.
- 38 (4) "Efficiency improvement" means a water efficiency
- 39 improvement, as defined by the authority.
- 40 (5) "Financing costs" mean all of the following:

1 (A) An interest and redemption premium payable on a bond.

2 (B) The cost of retiring the principal of a bond, whether at
3 maturity, including acceleration of maturity upon an event of
4 default, or upon redemption, including sinking fund redemption.

5 (C) A cost related to issuing or servicing bonds, including, but
6 not limited to, a servicing fee, trustee fee, legal fee, administrative
7 fee, bond counsel fee, bond placement or underwriting fee,
8 remarketing fee, broker dealer fee, independent manager fee,
9 municipal adviser fee, accounting report fee, engineering report
10 fee, rating agency fee, and payment made under an interest rate
11 swap agreement.

12 (D) A payment or expense associated with a bond insurance
13 policy, financial guaranty, or a contract, agreement, or other credit
14 enhancement for bonds or a contract, agreement, or other financial
15 agreement entered into in connection with a bond.

16 (E) The funding of one or more reserve accounts related to a
17 bond.

18 (6) “Local agency” means a “local government” as defined in
19 subdivision (b) of Section 1 of Article XIII C of the California
20 Constitution.

21 (7) “Publicly owned utility” means a utility furnishing water
22 service to customers that is owned and operated by a local agency
23 or a department or other subdivision of a local agency and includes
24 any successor to the powers and functions of the department or
25 other subdivision.

26 (8) “Servicing agreement” means an agreement between a local
27 agency or its publicly owned utility and the authority for the
28 collection of the efficiency charge, pursuant to which the local
29 agency or its publicly owned utility acts as a servicing agent for
30 purposes of collecting the efficiency charge for the authority.

31 (c) (1) Notwithstanding any other law, if the requirements of
32 paragraphs (2) and (3) are met, an authority may provide funding
33 for a customer of a local agency or its publicly owned utility to
34 acquire, install, or repair an efficiency improvement on a customer
35 property served by the local agency or its publicly owned utility.

36 (2) (A) The authority, by resolution, establishes or extends a
37 program to provide funding for a customer of a local agency or its
38 publicly owned utility to acquire, install, or repair an efficiency
39 improvement on a customer property served by the local agency

1 or its publicly owned utility. The resolution shall do all of the
2 following:

3 (i) Identify the geographic area in the state in which the authority
4 intends to operate the program.

5 (ii) Approve a standardized servicing agreement.

6 (iii) Authorize one or more designated officials of the authority
7 to execute and deliver the servicing agreement on behalf of the
8 authority.

9 (B) The authority acknowledges receipt of the resolution
10 described in paragraph (3).

11 (C) The authority may determine that all proceedings were valid
12 and in conformity with the requirements of this paragraph and that
13 finding shall be final and conclusive.

14 (3) The legislative body of the local agency requests the
15 authority to provide funding for its customers through a program
16 established by the authority pursuant to this section by doing all
17 of the following:

18 (A) The legislative body adopts a resolution declaring its
19 intention to request the authority to establish or extend a program
20 to a customer represented by the legislative body, calling for a
21 public hearing that shall be held at least 30 days later and directing
22 the clerk or secretary of the legislative body to publish a notice of
23 the hearing at least five days before the hearing in a newspaper of
24 general circulation in the boundaries of the local agency. If the
25 local agency wishes to pledge its water enterprise revenue as
26 security for the payment of the principal of, and interest and
27 redemption premium on, bonds issued by the authority in the event
28 that efficiency charges are insufficient for those purposes pursuant
29 to paragraph (4) of subdivision (f), the legislative body shall declare
30 that intention in the resolution.

31 (B) The legislative body conducts the noticed public hearing
32 and, after considering the testimony of any interested person,
33 concludes that the program and the proposed pledge of water
34 enterprise revenue, if applicable, would provide significant public
35 benefits in accordance with the criteria specified in Section 6586.

36 (C) The legislative body adopts a resolution that does all of the
37 following:

38 (i) Authorizes the authority to establish or extend a program
39 pursuant to this section within the boundaries of the local agency.

1 (ii) Declares that the operation of the program by the authority
2 in the local agency’s geographic boundaries would provide
3 significant public benefits in accordance with the criteria specified
4 in Section 6586.

5 (iii) Approves the standardized servicing agreement and
6 authorizes one or more designated officials of the local agency to
7 execute and deliver the servicing agreement with the authority.

8 (iv) If applicable, approves the pledge of water enterprise
9 revenue as security for the payment of the principal of, and interest
10 and redemption premium on, bonds issued by the authority in the
11 event that efficiency charges are insufficient for those purposes.

12 (v) If applicable, authorizes execution and delivery of one or
13 more pledge agreements to evidence a pledge.

14 (vi) In the resolution, the legislative body may determine that
15 all proceedings were valid and in conformity with the requirements
16 of this section and that finding shall be final and conclusive.

17 (d) (1) Subject to the requirements of Article XIII C or Article
18 XIII D of the California Constitution, a customer shall repay the
19 authority through an efficiency charge on the customer’s water
20 bill that is imposed and collected by the local agency or its publicly
21 owned utility. The imposition of the efficiency charge shall be
22 made and evidenced by a written agreement between the customer,
23 the authority, and the local agency or its publicly owned utility.
24 The use of the proceeds of the efficiency charge to repay the costs
25 of the efficiency improvement constitutes a “water” service, as
26 defined in subdivision (m) of Section 53750.

27 (2) The written agreement shall include all of the following:

28 (A) An agreement by the customer to pay an efficiency charge
29 for the period and in the amount specified in the agreement unless
30 the efficiency charge is prepaid in the manner set forth in the
31 agreement. The period designated for repayment shall not exceed
32 the estimated useful life of the funded efficiency improvements.

33 (B) A description of the financial calculation, formula, or other
34 method that the authority used to determine the efficiency charge.
35 The efficiency charge may include a component for reasonable
36 administrative expenses incurred by the local agency or its publicly
37 owned utility and the authority in connection with the program
38 and the funding.

39 (C) A description of the efficiency improvement funded with
40 the efficiency charge. A determination in the agreement that an

1 improvement is an efficiency improvement shall be final and
2 conclusive.

3 (D) A representation by the customer that the customer intends
4 to acquire, install, or repair and use the efficiency improvement
5 on the customer's property for the useful life of the efficiency
6 improvement. Any failure by the customer to acquire, install, or
7 repair and use the efficiency improvement on the customer's
8 property for the useful life of the efficiency improvement shall not
9 affect the customer's obligation to pay the efficiency charge as set
10 forth in the agreement.

11 (3) Notwithstanding any other provision of this section, an
12 efficiency charge shall not exceed the maximum rate permitted
13 under Article XIII D of the California Constitution.

14 (4) The timely and complete payment of an efficiency charge
15 by a customer that has agreed to pay an efficiency charge may be
16 a condition of receiving water service from the local agency or its
17 publicly owned utility, and a local agency and its publicly owned
18 utility are authorized to use their established collection policies
19 and all rights and remedies provided by law to enforce payment
20 and collection of the efficiency charge. A person liable for an
21 efficiency charge shall not be entitled or authorized to withhold
22 payment, in whole or in part, of the efficiency charge for any
23 reason.

24 (5) A customer's obligation to pay the efficiency charge shall
25 run with title to the customer property on which the efficiency
26 improvement is located until repaid in full. A local agency or its
27 publicly owned utility may record notice of an efficiency charge
28 in the records of the county recorder of the county in which the
29 customer's property is located and that notice shall impart notice
30 of the efficiency charge to all persons. Any failure by the local
31 agency or its publicly owned utility to record that notice shall not
32 excuse an owner of the customer property, on which the funded
33 improvement is located, from the obligation to pay the efficiency
34 charge.

35 (6) Because the efficiency charge is a voluntary charge that will
36 be made pursuant to a written agreement between the customer,
37 the authority, and the local agency or its publicly owned utility,
38 the Legislature finds and declares that voluntary efficiency charges
39 under this section are not taxes, assessments, fees, or charges for
40 the purposes of Articles XIII C and XIII D of the California

1 Constitution and therefore the provisions of Articles XIII C and
 2 XIII D and Article 4.6 (commencing with Section 53750) of
 3 Chapter 4 of Part 1 of Division 2 of Title 5 of the Government
 4 Code are not applicable to voluntary efficiency charges levied
 5 pursuant to this section. Furthermore, a program established
 6 pursuant to this section provides a “water” service, as defined in
 7 subdivision (m) of Section 53750.

8 (e) (1) The authority and a local agency or its publicly owned
 9 utility shall enter into a servicing agreement for the collection of
 10 one or more efficiency charges and the local agency or its publicly
 11 owned utility shall act as a servicing agent for purposes of
 12 collecting the efficiency charge.

13 (2) Moneys collected as an efficiency charge by the local agency
 14 or its publicly owned utility, acting as a servicing agent on behalf
 15 of the authority, shall be held in trust for the exclusive benefit of
 16 the persons entitled to the financing costs to be paid, directly or
 17 indirectly, from the efficiency charge and shall not lose their
 18 character as revenues of the authority because the local agency or
 19 its publicly owned utility possesses them.

20 (3) In the servicing agreement, the local agency or its publicly
 21 owned utility shall contract with the authority that the local agency
 22 or its publicly owned utility will continue to operate its publicly
 23 owned utility system to provide service to its customers, will, as
 24 servicer, collect the efficiency charge for the benefit and account
 25 of the authority and, if applicable, the beneficiaries of the pledge
 26 of the efficiency charge, and will account for and remit these
 27 amounts to, or for the account of, the authority.

28 (4) The servicing agreement shall provide that the obligation to
 29 pay the efficiency charge shall run with title to the customer
 30 property on which the efficiency improvement is located until the
 31 authority is fully repaid. When the property is not owner occupied,
 32 the servicing agreement shall provide that the obligation to pay
 33 the efficiency charge appear in the terms through which the
 34 customer leases or licenses the property for occupancy.

35 (5) In the servicing agreement, the local agency or its publicly
 36 owned utility may agree that the timely and complete payment of
 37 all efficiency charges by a customer that has agreed to pay an
 38 efficiency charge shall be a condition of receiving service from
 39 the publicly owned utility, and the local agency or its publicly
 40 owned utility shall use their established collection policies and all

1 rights and remedies provided by law to enforce payment and
2 collection of the efficiency charge.

3 (6) In the servicing agreement, the local agency or its publicly
4 owned utility shall agree that in the event of default by the local
5 agency or its publicly owned utility in payment of revenues arising
6 with respect to the efficiency charge, the authority, upon the
7 application by the beneficiaries of the authority’s pledge described
8 in this section, and without limiting any other remedies available
9 to the beneficiaries by reason of the default, shall order the
10 sequestration and payment to the beneficiaries of revenues arising
11 with respect to the efficiency charge.

12 (f) (1) The authority may issue one or more bonds for the
13 purpose of providing funds for the acquisition, installation, and
14 repair of an efficiency improvement on customer property pursuant
15 to this section.

16 (2) An authority issuing a bond shall include in its preliminary
17 notice and final report for the bonds submitted to the California
18 Debt and Investment Advisory Commission pursuant to Section
19 8855 a statement that the bond is being issued pursuant to this
20 section.

21 (3) (A) The authority may, pursuant to Section 5451, pledge
22 one or more efficiency charges as security for the bonds issued
23 pursuant to this section. Revenue from an efficiency charge shall
24 be deemed special revenue of the authority and shall not constitute
25 revenue of the local agency or its publicly owned utility for any
26 purpose, including without limitation any dedication, commitment,
27 or pledge of revenue, receipts, or other income that the local agency
28 or its publicly owned utility has made or will make for the security
29 of any of its obligations.

30 (B) The validity and relative priority of a pledge created or
31 authorized under this section is not defeated or adversely affected
32 by the commingling of efficiency charge revenue with other
33 moneys collected by a local agency or its publicly owned utility.

34 (4) Subject to the requirements of Article XIII C or Article XIII
35 D of the California Constitution, a local agency may pledge water
36 enterprise revenue as security for the payment of the principal of,
37 and interest and redemption premium on, bonds issued by the
38 authority in the event that efficiency charges are insufficient for
39 those purposes, and may execute one or more pledge agreements,
40 which shall be made pursuant to Section 5451, for the benefit of

1 the authority or for the exclusive benefit of the persons entitled to
2 the financing costs to be paid from the efficiency charges.

3 (g) If a local agency for which bonds have been issued and
4 remain outstanding ceases to operate a water utility, either directly
5 or through its publicly owned utility, references in this section to
6 the local agency or to its publicly owned utility shall be deemed
7 to refer to the entity providing water utility services in lieu of the
8 local agency and that entity shall assume and perform all
9 obligations of the local agency or its publicly owned utility required
10 by this section and the servicing agreement with the authority while
11 the bonds remains outstanding.

12 (h) If the local agency, its publicly owned utility, and the
13 authority have complied with the procedures set forth in this
14 section, they shall not be required to comply with Section 6586.5.

15 (i) The provisions of this section are severable. If any provision
16 of this section or its application is held invalid, that invalidity shall
17 not affect other provisions or applications that can be given effect
18 without the invalid provision or application.

O