CHAPTER 8. Water Resources Development Bonds [12930 - 12944]

(Chapter 8 added by Stats. 1959, Ch. 1762.)

12930. This chapter shall be known and may be cited as the California Water Resources Development Bond Act.

(Added by Stats. 1959, Ch. 1762.)

12931. The object of this chapter is to provide funds to assist in the construction of a State Water Resources Development System for the State of California. Said system shall be comprised of the State Water Facilities as defined in Section 12934(d) hereof and such additional facilities as may now or hereafter be authorized by the Legislature as a part of (1) the Central Valley Project or (2) the California Water Plan, and including such other additional facilities as the department deems necessary and desirable to meet local needs, including, but not restricted to, flood control, and to augment the supplies of water in the Sacramento-San Joaquin Delta and for which funds are appropriated pursuant to this chapter. The enactment of this chapter shall not be construed as creating any right to water or the use thereof nor as affecting any existing legislation with respect to water or water rights, except as expressly provided herein, nor shall anything herein contained affect or be construed as affecting vested water rights. Any facilities heretofore or hereafter authorized as a part of the Central Valley Project or facilities which are acquired or constructed as a part of the State Water Resources Development System with funds made available hereunder shall be acquired, constructed, operated, and maintained pursuant to the provisions of the code governing the Central Valley Project, as said provisions may now or hereafter be amended. For the purposes of this chapter the Sacramento-San Joaquin Delta shall be deemed to be within the watershed of the Sacramento River. No facility constructed in whole or in part with funds made
available by this chapter shall be used to transport water the right to which was secured through eminent domain by others than the State unless approved by the Legislature by concurrent resolution with a majority of the members elected to each house voting in favor thereof.

(Added by Stats. 1959, Ch. 1762.)

12932.

Insofar as it is not inconsistent with the express provisions of this chapter, the State General Obligation Bond Law (Chapter 4 (commencing at Section 16720) of Part 3, Division 4, Title 2 of the Government Code), is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter. All references in this chapter to “herein” shall be deemed to refer both to this chapter and such law.

(Added by Stats. 1959, Ch. 1762.)

12933.

There is hereby created a California Water Resources Development Finance Committee composed of the Governor, the State Treasurer, the State Controller, Director of Finance and Director of Water Resources, all of whom shall serve without compensation, and the majority of whom shall be empowered to act for said committee. The Director of Finance shall provide such assistance, and the Attorney General shall furnish such legal advice, to the California Water Resources Development Finance Committee as it may require.

(Added by Stats. 1959, Ch. 1762.)

12934.

As used in this chapter and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:
(a) “Committee” shall mean the California Water Resources Development Finance Committee created by Section 12933.
(b) “Board” or “department” shall mean the Department of Water Resources.
(c) “Fund” shall mean the California Water Resources Development Bond Fund created by Section 12935.
(d) “State Water Facilities” shall mean the following facilities:
(1) A multiple purpose dam and reservoir on the Feather River in the vicinity of Oroville, Butte County, and dams and reservoirs upstream therefrom in Plumas County in the vicinity of Frenchman, Grizzly Valley, Abbey Bridge, Dixie Refuge and Antelope Valley;
(2) An aqueduct system which will provide for the transportation of water from a point or points at or near the Sacramento-San Joaquin Delta to termini in the Counties of Marin, Alameda, Santa Clara, Santa Barbara, Los Angeles and Riverside, and for delivery of water both at such termini and at canal-side points en route, for service in Solano, Napa, Sonoma, Marin, Alameda, Contra Costa, Santa Clara, San Benito, Santa Cruz, Fresno, Tulare, Kings, Kern, Los Angeles, Ventura, San Bernardino, Riverside, Orange, San Diego, San Luis Obispo, Monterey and Santa Barbara Counties.
Said aqueduct system shall consist of intake and diversion works, conduits, tunnels, siphons, pipelines, dams, reservoirs, and pumping facilities, and shall be composed of a North Bay aqueduct extending to a terminal reservoir in Marin County; a South Bay aqueduct extending to terminal reservoirs in the Counties of Alameda and Santa Clara; a reservoir near Los Banos in Merced County; a Pacheco Pass Tunnel aqueduct from a reservoir near Los Banos in Merced County to a terminus in Pacheco Creek in Santa Clara County; a San Joaquin Valley-Southern California aqueduct extending to termini in the vicinity of Newhall, Los Angeles County, and Perris, Riverside County, and having a capacity of not less than 2,500 cubic feet per second at all points north of the northerly boundary of the County of Los Angeles in the Tehachapi Mountains in the vicinity of Quail Lake and a capacity of not less than 10,000 cubic feet per second at all points north of the initial offstream storage reservoir; a coastal aqueduct beginning on the San Joaquin Valley-Southern California aqueduct in the vicinity of Avenal, Kings County, and extending to a terminal at the Santa Maria River;
(3) Master levees, control structures, channel improvements, and appurtenant facilities in the Sacramento-San Joaquin Delta for water conservation, water supply in the Delta, transfer of water across the Delta, flood and salinity control, and related functions.
(4) Facilities for removal of drainage water from the San Joaquin Valley.
(5) Facilities for the generation and transmission of electrical energy.
(6) Provision for water development facilities for local areas as provided in Chapter 5 (commencing at Section 12880) of Part 6 of Division 6 of the Water Code as the same may now or hereafter be amended.
(7) Including for the foregoing (1 through 5) the relocation of utilities and highways and acquisition of all lands, rights of way, easements, machinery, equipment, apparatus, and all appurtenances necessary or convenient therefor.

(Added by Stats. 1959, Ch. 1762.)
12935.

For the purpose of creating a fund, herein designated the California Water Resources Development Bond Fund, to provide for the acquisition, construction and completion of the State Water Facilities herein specified and, to the extent provided in Section 12938, for additions to the State Water Resources Development System, the committee shall be and is hereby authorized and empowered to create a debt or debts, liability or liabilities of the State of California in the aggregate principal amount of one billion seven hundred fifty million dollars ($1,750,000,000) in the manner and to the extent herein provided, but not otherwise nor in excess thereof.

(Added by Stats. 1959, Ch. 1762.)

12936.

All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof. Notwithstanding the provisions of subdivision (b) of Section 16731 of the Government Code, the first date or dates of maturity of any series of bonds issued under this chapter shall be not more than 10 years, and the last dates of maturity of any such series of bonds may be fixed at any date or dates to and including 50 years, after the date of that series. The committee may fix different dates for the bonds of each series and the bonds of any series may be made to mature and become payable at different times from those of any other series; provided, that the maturity dates of each separate series shall comply with the provisions of this section.

(Added by Stats. 1959, Ch. 1762.)

12937.

The ways and means for the payment of the interest on and the principal of such bonds shall be as follows:

(a) There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the State, as shall be required to pay the principal and interest on said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue, to do
and perform each and every act which shall be necessary to collect such additional sum.

There is hereby appropriated from the General Fund in the State Treasury such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter, as said principal and interest become due and payable.

On the several dates on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal and interest on the bonds, to wit, on the several dates of maturity of said principal and interest in each fiscal year there shall be transferred into the General Fund in the State Treasury from revenues deposited in the fund as provided in subdivision (b) of this Section 12937, and from any accrued interest and premiums received on any sale, or sales of the bonds, so far as available therein, amounts equal to, but not in excess of, all sums so becoming due for principal and interest and in the event such money received from such sources and so returned on said remittance dates is less than the principal and interest then due and payable then the balance remaining unpaid shall be transferred to the General Fund out of moneys in the fund received from such sources as soon thereafter as it shall become available, together with simple interest thereon, from such remittance dates until so returned at the same rate as borne by the bonds.

(b) All revenues derived from the sale, delivery or use of water or power, and all other income or revenue, derived by the State, from the State Water Resources Development System shall be deposited in a special account or accounts in the California Water Resources Development Bond Fund and shall be accounted for and used annually only for the following purposes and in the following order, to wit:

1. The payment of the reasonable costs of the annual maintenance and operation of the State Water Resources Development System and the replacement of any parts thereof.
2. The annual payment of the principal of and interest on the bonds issued pursuant to this chapter.
3. Transfer to the California Water Fund as reimbursement for funds utilized from said fund for construction of the State Water Resources Development System.
4. Any surplus revenues in each year not required for the purpose specified in the foregoing subparagraphs (1), (2) and (3) of this subdivision (b) of Section 12937 and not required to be transferred to the General Fund pursuant to subparagraph (a) of this Section 12937, shall, during the time any of the bonds authorized herein are outstanding, be deposited in a special account in the California Water Resources Development Bond Fund and are hereby appropriated for use and shall be available for expenditure by the department for acquisition
and construction of the State Water Resources Development System as described in Section 12931 hereof.

All such revenues shall constitute a trust fund and are hereby pledged for the uses and purposes above set forth and such pledge shall inure to the direct benefit of the owners and holders of all general obligation bonds issued under this chapter. The department, subject to such terms and conditions as may be prescribed by the Legislature, shall enter into contracts for the sale, delivery or use of water or power, or for other services and facilities, made available by the State Water Resources Development System with public or private corporations, entities, or individuals. Such contracts shall not be impaired by subsequent acts of the Legislature during the time when any of the bonds authorized herein are outstanding and the State may sue and be sued with respect to said contracts. Said contracts shall be for a stated term and, insofar as practicable and feasible, for the full term of the life of the general obligation bonds issued under this chapter and each such contract shall recite (i) that it is entered into for the direct benefit of the holders and owners of all general obligation bonds issued under this chapter, and (ii) that the income and revenues derived from such contracts are pledged to the purposes and in the priority herein set forth. Such pledge of revenues as herein set forth is hereby declared to be and shall constitute an essential term of this chapter and upon its ratification by the people of the State of California shall be binding upon the State so long as any general obligation bonds authorized hereunder are outstanding and unpaid. Such income and revenues, subject to the priorities herein set forth, shall constitute additional security for all of the bonds authorized and issued hereunder irrespective of the date of their issuance and sale and so long as any of the bonds authorized and issued hereunder, or the interest thereon, are unpaid, such income and revenues shall not be used for any other purpose. The bonds authorized hereunder shall be equally secured by a lien upon all income and revenues derived from the State Water Resources Development System without priority for number, amount, date of bonds, of sale, of execution, or of delivery pursuant to this chapter. Notwithstanding the pledge of revenues herein contained, the State of California shall remain liable for the payment of the principal of and interest upon all of the bonds authorized and issued under this chapter.

(Added by Stats. 1959, Ch. 1762.)

12938.

All proceeds from the sale of the bonds herein authorized shall be deposited in the fund as provided in Section 16757 of the Government Code and shall be available for the purpose provided in Section 12935, but, except only as to accrued interest and any premiums received on any sale, or sales, of the bonds,
shall not be available for transfer to the General Fund. All moneys deposited in
the fund are hereby appropriated to the department for expenditure and
allocation by the department without regard to fiscal years for the State Water
Facilities as herein defined and, to the extent provided in this Section 12938, for
additions to the State Water Resources Development System. Of the total
amount of the bonds authorized herein, one hundred thirty million dollars
($130,000,000) and no more shall be available exclusively for the provision of
water development facilities for local areas as set forth in subdivision (d)(6) of
Section 12934. Any money in the California Water Fund, and any surplus
revenue as described in Section 12937(b), available for expenditure for the
State Water Resources Development System shall be used for the construction of
the State Water Facilities in lieu of the proceeds of bonds authorized by this
chapter. The use of the proceeds of bonds for such construction shall be
decreased by an amount equal to that hereafter expended from the California
Water Fund for the construction of State Water Facilities. To the extent that
money is expended from the California Water Fund for construction of the State
Water Facilities, proceeds from the sale of bonds authorized pursuant to this act
in an equal amount, is appropriated and shall be expended for the construction
of such additional facilities of the State Water Resources Development System as
the department shall determine to be necessary and desirable to meet local
needs, including, but not restricted to, flood control, and to augment the supplies
of water in the Sacramento-San Joaquin Delta from multiple purpose dams,
reservoirs, aqueducts and appurtenant works in the watersheds of the
Sacramento, Eel, Trinity, Mad, Van Duzen and Klamath Rivers for use in the
State Water Resources Development System, and the department is authorized
to construct any and all facilities for which funds are appropriated to it for
expenditure pursuant to this chapter. Such additional facilities for local needs
shall include those necessary to conserve or develop water which is tributary to
the stream upon which any of the facilities of the State Water Resources
Development System are constructed and it shall be the duty of the department
to diligently plan such full development and submit plans and reports thereon to
the Legislature. All moneys in the California Water Fund and all accruals thereto
are hereby appropriated to the department for expenditure and allocation by the
department without regard to fiscal years for the State Water Resources
Development System as defined in Section 12931 except that in any fiscal year
the Legislature may appropriate for any lawful purpose any money in the
California Water Fund which is unexpended at the beginning of that fiscal year
and any money accruing to that fund during the fiscal year.

(Added by Stats. 1959, Ch. 1762.)

12938.1.
The provisions of Article 2 (commencing with Section 13320) of Chapter 3, Part 3, Division 3, Title 2 of the Government Code are applicable to the department with respect to expenditures of money pursuant to this chapter.
(Added by Stats. 1961, Ch. 1955.)

12938.2.

The Department of Finance shall identify in the annual Governor’s Budget the proposed revenues and expenditures for the four purposes identified in subdivision (b) of Section 12937. The data shall be organized on a fiscal year basis and shall include (1) an estimate of total revenues for the four purposes by revenue source, and (2) a detailed statement of expenditures for the past, current, and future fiscal years.
(Added by Stats. 1983, Ch. 323, Sec. 93.9. Effective July 1, 1983.)

12938.3.

Notwithstanding any other provision of this bond act, or of the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), if the Treasurer sells bonds pursuant to this bond act that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law, or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.
(Added by renumbering Section 12938.2 (as added by Stats. 1991, Ch. 652, Sec. 29) by Stats. 2015, Ch. 303, Sec. 554. Effective January 1, 2016.)

12939.

Upon the written request of the board, supported by a statement of the expenditures made and to be made for the State Water Resources Development System, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make
those expenditures and, if so, the amount of bonds then to be issued and sold. Successive issues of bonds may be authorized and sold to make those expenditures progressively and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.  

(Amended by Stats. 2001, Ch. 745, Sec. 232.1. Effective October 12, 2001.)

12940.

If any resolution determining that the sale of all or any part of the bonds herein authorized is necessary or desirable, the committee may in its discretion provide for the interexchange of bonds of different denominations, which may be in any multiple of one thousand dollars ($1,000), the issuance of bonds of different denominations in lieu of or in exchange for bonds of a like aggregate principal amount but of different denominations, the issuance of registered bonds in such denominations as may be specified by the committee and the exchange of such registered bonds for coupon bonds of a like aggregate principal amount but of different denominations. The committee may also provide for the authentication of any bonds by the State Controller or by any deputy state controller. If authentication is so required, no bond authorized hereunder shall be valid unless so authenticated in the manner so required.  

(Added by Stats. 1959, Ch. 1762.)

12941.

In computing the net interest cost under Section 16754 of the Government Code, the committee may determine that interest shall be computed either from the date of sale or from the date of the bonds or from the last preceding interest payment date to the respective maturity dates of the bonds then offered for sale at the coupon rate or rates specified in the bid, such computation to be made on a 360-day year basis, and the committee shall make appropriate provision therefor in the form of notice of sale of the bonds.  

(Added by Stats. 1959, Ch. 1762.)

12942.

The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such date or dates as may be fixed by the State Treasurer and no direction of the Governor shall be required. The provisions of
Sections 16750 and 16754 of the Government Code respecting the direction of the Governor shall not be applicable to such sale.

(Added by Stats. 1959, Ch. 1762.)

12944.

(a) In the operation of reservoirs, other than terminal reservoirs from which water is supplied for domestic use without purification treatment after withdrawal from such reservoirs, constructed under this chapter, the department, to the extent that it is compatible with public health and safety requirements, shall permit the use of the water for body contact sports.

(Added by Stats. 1961, Ch. 1771.)