



**SB-974 California Environmental Quality Act: small disadvantaged community water system: state small water system: exemption.** (2019-2020)

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**Senate Bill No. 974**

CHAPTER 234

An act to add and repeal Section 21080.47 of the Public Resources Code, relating to environmental quality.

[ Approved by Governor September 28, 2020. Filed with Secretary of State September 28, 2020. ]

LEGISLATIVE COUNSEL'S DIGEST

SB 974, Hurtado. California Environmental Quality Act: small disadvantaged community water system: state small water system: exemption.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment, or to adopt a negative declaration or mitigated negative declaration, as specified, if it finds that the project will not have that effect. CEQA includes exemptions from its environmental review requirements for numerous categories of projects, as prescribed.

This bill would, with certain specified exceptions, exempt from CEQA certain projects consisting solely of the installation, repair, or reconstruction of water infrastructure, as specified, that primarily benefits a small disadvantaged community water system, as defined, or a state small water system, as defined, by improving the small disadvantaged community water system's or state small water system's water quality, water supply, or water supply reliability, by encouraging water conservation, or by providing drinking water service to existing residences within a disadvantaged community, a small disadvantaged community water system, or a state small water system where there is evidence that the water exceeds maximum contaminant levels for primary or secondary drinking water standards or where the drinking water well is no longer able to produce an adequate supply of safe drinking water. To qualify for this CEQA exemption, the bill would require these projects to meet certain labor requirements and certain conditions, including fully mitigating all construction impacts and not affecting wetlands or sensitive habitat. The bill would also define various terms for purposes of this exemption. The bill would require the lead agency, before determining a project is exempt under these provisions, to contact the State Water Resources Control Board to determine whether claiming the exemption will affect the ability of the small disadvantaged community water system or the state small water system from receiving federal financial assistance or federally capitalized financial assistance. If the lead agency approves or carries out a project that is exempt from CEQA by the above provisions, the bill would require the lead agency to file a notice of exemption with the Office of Planning and Research and the county clerk of the county in which the project is located, as provided. Because a lead agency would be required to file the notice of exemption with the Office of Planning and Research and the county clerk, this bill would impose a state-mandated local program. The bill would repeal this exemption on January 1, 2028.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** The Legislature finds and declares both of the following:

- (a) In enacting Section 106.3 of the Water Code, the Legislature declared the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.
- (b) The provisions of this act are in furtherance of the state's policy regarding the human right to water.

**SEC. 2.** Section 21080.47 is added to the Public Resources Code, to read:

**21080.47.** (a) For purposes of this section, the following definitions apply:

- (1) "Community water system" means a public water system that serves at least 15 service connections used by yearlong residents or regularly serves at least 25 yearlong residents within the area served by the public water system.
- (2) "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income.
- (3) "Nontransient noncommunity water system" means a public water system that is not a community water system and that regularly serves at least 25 of the same persons more than six months per year.
- (4) (A) "Project" means a project that consists solely of the installation, repair, or reconstruction of one or more of the following:
  - (i) Drinking water groundwater wells with a maximum flow rate of up to 250 gallons per minute.
  - (ii) Drinking water treatment facilities with a footprint of less than 2,500 square feet that are not located in an environmentally sensitive area.
  - (iii) Drinking water storage tanks with a capacity of up to 250,000 gallons.

(iv) Booster pumps and hydropneumatic tanks.

(v) Pipelines of less than one mile in length in a road right-of-way or up to seven miles in length in a road right-of-way when the project is required to address threatened or current drinking water violations.

(vi) Water service lines.

(vii) Minor drinking water system appurtenances, including, but not limited to, system and service meters, fire hydrants, water quality sampling stations, valves, air releases and vacuum break valves, emergency generators, backflow prevention devices, and appurtenance enclosures.

(B) "Project" does not include either of the following categories of projects:

(i) Facilities that are constructed primarily to serve irrigation or future growth.

(ii) Facilities that are used to dam, divert, or convey surface water.

(5) "Project labor agreement" has the same meaning as in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

(6) "Public water system" means a system for the provision of water for human consumption through pipes or other constructed conveyances that has 15 or more service connections or regularly serves at least 25 individuals daily at least 60 days out of the year, and shall include, but not be limited to, any of the following:

(A) Any collection, treatment, storage, and distribution facilities under the control of, and used primarily in connection with, the public water system.

(B) Any collection or pretreatment storage facilities not under the control of the operator of the public water system, but that are used primarily in connection with the public water system.

(C) Any system for the provision of water for human consumption through pipes or other constructed conveyances that treats water on behalf of one or more public water systems for the purpose of rendering it safe for human consumption.

(7) "Skilled and trained workforce" has the same meaning as provided in Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code.

(8) "Small community water system" means a community water system that serves no more than 3,300 service connections or a yearlong population of no more than 10,000 persons.

(9) "Small disadvantaged community water system" means either a small community water system that serves one or more disadvantaged communities or a nontransient noncommunity water system that primarily serves one or more schools that serve one or more disadvantaged communities.

(10) "State small water system" means a system for the provision of piped water to a disadvantaged community for human consumption that serves at least 5, but not more than 14, service connections and does not regularly serve drinking water to more than an average of 25 individuals daily for more than 60 days out of the year.

(b) (1) This division does not apply to a project that meets the requirements of subdivision (c) and subdivision (d) or (e), as appropriate, and that primarily benefits a small disadvantaged community water system or a state small water system in any of the following ways:

(A) Improving the small disadvantaged community water system's or state small water system's water quality, water supply, or water supply reliability.

(B) Encouraging water conservation.

(C) Providing drinking water service to existing residences within a disadvantaged community, a small disadvantaged community water system, or a state small water system where there is evidence that the water exceeds maximum contaminant levels for primary or secondary drinking water standards or where the drinking water well is no longer able to produce an adequate supply of safe drinking water.

(2) Before determining a project is exempt under this section, the lead agency shall contact the State Water Resources Control Board to determine whether claiming the exemption under this section will affect the ability of the small disadvantaged community water system or the state small water system to receive federal financial assistance or federally capitalized financial assistance.

(c) The project meets all of the following:

(1) Does not affect wetlands or sensitive habitats.

(2) Unusual circumstances do not exist that would cause a significant effect on the environment.

(3) Is not located on a hazardous waste site that is included on any list compiled pursuant to Section 65962.5 of the Government Code.

(4) Does not have the potential to cause a substantial adverse change in the significance of a historical resource.

(5) The construction impacts are fully mitigated consistent with applicable law.

(6) The cumulative impact of successive reasonably anticipated projects of the same type as the project, in the same place, over time, is not significant.

(d) (1) For a project undertaken by a public agency that is exempt from this division pursuant to this section, except as provided in paragraph (2), an entity shall not be prequalified or shortlisted or awarded a contract by the public agency to perform any portion of the project unless the entity provides an enforceable commitment to the public agency that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or contract that falls within an apprenticeable occupation in the building and construction trades.

(2) Paragraph (1) does not apply if any of the following requirements are met:

(A) The public agency has entered into a project labor agreement that will bind all contractors and subcontractors performing work on the project or contract to use a skilled and trained workforce, and the entity agrees to be bound by that project labor agreement.

(B) The project or contract is being performed under the extension or renewal of a project labor agreement that was entered into by the public agency before January 1, 2021.

(C) The entity has entered into a project labor agreement that will bind the entity and all of its subcontractors at every tier performing the project or contract to use a skilled and trained workforce.

(e) For a project undertaken by a private entity that is exempt from this division pursuant to this section, the project applicant shall do both of the following:

(1) Certify to the lead agency that either of the following is true:

(A) The entirety of the project is a public work for purposes of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

(B) If the project is not in its entirety a public work, all construction workers employed in the execution of the project will be paid at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Sections 1773 and 1773.9 of the Labor Code, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate. If the project is subject to this subparagraph, then, for those portions of the project that are not a public work, all of the following shall apply:

(i) The project applicant shall ensure that the prevailing wage requirement is included in all contracts for the performance of the work.

(ii) All contractors and subcontractors shall pay to all construction workers employed in the execution of the work at least the general prevailing rate of per diem wages, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate.

(iii) (I) Except as provided in subclause (III), all contractors and subcontractors shall maintain and verify payroll records pursuant to Section 1776 of the Labor Code and make those records available for inspection and copying as provided by that section.

(II) Except as provided in subclause (III), the obligation of the contractors and subcontractors to pay prevailing wages may be enforced by the Labor Commissioner through the issuance of a civil wage and penalty assessment pursuant to Section 1741 of the Labor Code, which may be reviewed pursuant to Section 1742 of the Labor Code, within 18 months after the completion of the project, by an underpaid worker through an administrative complaint or civil action, or by a joint labor-management committee through a civil action under Section 1771.2 of the Labor Code. If a civil wage and penalty assessment is issued, the contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the assessment shall be liable for liquidated damages pursuant to Section 1742.1 of the Labor Code.

(III) Subclauses (I) and (II) do not apply if all contractors and subcontractors performing work on the project are subject to a project labor agreement that requires the payment of prevailing wages to all construction workers employed in the execution of the project and provides for enforcement of that obligation through an arbitration procedure.

(iv) Notwithstanding subdivision (c) of Section 1773.1 of the Labor Code, the requirement that employer payments not reduce the obligation to pay the hourly straight time or overtime wages found to be prevailing shall not apply if otherwise provided in a bona fide collective bargaining agreement covering the worker. The requirement to pay at least the general prevailing rate of per diem wages does not preclude use of an alternative workweek schedule adopted pursuant to Section 511 or 514 of the Labor Code.

(2) Certify to the lead agency that a skilled and trained workforce will be used to perform all construction work on the project. All of the following requirements shall apply to the project:

(A) The applicant shall require in all contracts for the performance of work that every contractor and subcontractor at every tier will individually use a skilled and trained workforce to complete the project.

(B) Every contractor and subcontractor shall use a skilled and trained workforce to complete the project.

(C) (i) Except as provided in clause (ii), the applicant shall provide to the lead agency, on a monthly basis while the project or contract is being performed, a report demonstrating compliance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code. A monthly report provided to the lead agency pursuant to this clause shall be a public record under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and shall be open to public inspection. An applicant that fails to provide a monthly report demonstrating compliance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code shall be subject to a civil penalty of ten thousand dollars (\$10,000) per month for each month for which the report has not been provided. Any contractor or subcontractor that fails to use a skilled and trained workforce shall be subject to a civil penalty of two hundred dollars (\$200) per day for each worker employed in contravention of the skilled and trained workforce requirement. Penalties may be assessed by the Labor Commissioner within 18 months of completion of the project using the same procedures for issuance of civil wage and penalty assessments pursuant to Section 1741 of the Labor Code, and may be reviewed pursuant to the same procedures in Section 1742 of the Labor Code. Penalties shall be paid to the State Public Works Enforcement Fund.

(ii) Clause (i) does not apply if all contractors and subcontractors performing work on the project are subject to a project labor agreement that requires compliance with the skilled and trained workforce requirement and provides for enforcement of that obligation through an arbitration procedure.

(f) If the lead agency determines that a project is not subject to this division pursuant to this section, and the lead agency determines to approve or carry out that project, the lead agency shall file a notice of exemption with the Office of Planning and Research and the county clerk of the county in which the project is located in the manner specified in subdivisions (b) and (c) of Section 21152.

(g) This section shall remain in effect only until January 1, 2028, and as of that date is repealed.

**SEC. 3.** No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.