

STATE OF CALIFORNIA
Finance Letter - Cover Sheet
 DF-46 (REV 03/13)

Fiscal Year 2014-15	FL No. 2	Org. Code 3940	Department State Water Resources Control Board	Priority No. 2
Program 15 - Drinking Water			Element	Component

Proposal Title
 Continuation of SB 918 - Recycled Water Program

Proposal Summary

The State Water Resources Control Board (Water Board) requests 3.0 two-year limited term positions and \$498,000 from the Waste Discharge Permit Fund penalty revenues to continue work begun by the California Department of Public Health (CDPH) as required by Senate Bill 918 (Chapter 700, Statutes of 2010) to develop and adopt Phase II of uniform water recycling criteria for surface water augmentation and to investigate the feasibility of developing uniform water recycling criteria for direct potable reuse, as required by Chapter 700, Statutes of 2010 (SB 918).. Additionally, the Water Board requests that the unliquidated balance of the WDPF penalty funds from Fiscal Years 2012-13 and 2013-14 be reverted. Reversion is necessary to continue and complete the mandated work.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the California Technology Agency, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>[Signature]</i>	Date 4/1/14	Reviewed By <i>[Signature]</i>	Date 07/01/14
Department Director <i>[Signature]</i>	Date 4/1/14	Agency Secretary <i>[Signature]</i>	Date 4/1/14

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Technology Agency

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA	Date submitted to the Legislature
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Analysis of Problem

A. Proposal Summary

In order to continue the work required by Chapter 700, Statutes of 2010 (SB 918), to develop and adopt Phase II of uniform water recycling criteria for surface water augmentation and to investigate the feasibility of developing uniform water recycling criteria for direct potable reuse, as required by Chapter 700, Statutes of 2010 (SB 918), the State Water Resources Control Board (State Water Board) requests 3.0 two-year limited term positions and \$498,000 in penalty revenues from the Waste Discharge Permit Funds to ensure this work is continued and completed. In addition, we request that the unspent Waste Discharge Permit Fund (WDPF) penalty funds from FYs 2012-13 and 2013-14 be reverted. Reversion is necessary so these funds can be appropriated for the necessary staff costs to continue and complete the mandated work.

This request will allow the State Water Board to continue the activities the Drinking Water Program within CDPH is required to complete, for which the State Water Board will be required to complete as part of the Drinking Water Program transfer.

B. Background/History

SB 918 required CDPH to develop and adopt recycled water criteria for indirect potable reuse and to investigate the feasibility of developing criteria for direct potable reuse. Indirect potable reuse is the treatment of municipal wastewater, its placement in groundwater or a surface water reservoir, and the subsequent use of this water to augment municipal drinking water supply. Direct potable reuse is the use of recycled water for drinking without first passing the water through a water body.

SB 918 states that the funding source for establishing the criteria and conducting the investigation may include the State Water Board's WDPF, specifically funds within the WDPF generated from the imposition of penalty assessments for civil liabilities (Water Code section 13350(k)), if the legislature provides an appropriate for this use.

During the FY 2012-13 hearing process, the Senate authorized the direction of \$700,000 from the WDPF to CDPH to fund the development of groundwater recharge reuse criteria. The proposal was approved as part of the 2012 Budget Act and provided the first half of CDPH's efforts to comply with SB 918. In FY 2013-14 a Budget Change Proposal was approved to provide an additional \$700,000 necessary to complete the development and adoption of the recycled water criteria for groundwater recharge. These funds were not requested for the direct potable reuse study required by SB 322 (Chapter 623, Statutes of 2013).

California continues to have a growing water demand and the ability of areas with scarce water supply, such as southern California, to import additional water to meet this demand is limited. Hence, there is a need to conserve water and to develop local water sources, such as local storm water and recycled water. Most recycled water is produced in urban areas and generally has been used for urban landscape irrigation, primarily on golf courses, parks, cemeteries, and other facilities with large areas of turf. But this use has a limitation; it requires a separate distribution system to get the recycled water to the use area, which often makes a recycled water project not cost effective.

To achieve greater use of recycled water, water planners see a need to use recycled water to augment municipal drinking water supply. There have been successful cases of doing this in southern California with the most well known being the facility managed by the Orange County Water District. This facility uses micro-filtration, reverse osmosis, and advanced oxidation to produce water that is of a higher quality than State Water Project water. The water is used to augment groundwater, thereby increasing municipal supply and reducing sea water intrusion.

Permitting potable reuse projects is a joint responsibility of CDPH, which is responsible for protecting public health, and the Regional Water Quality Control Boards (Regional Water Boards), which are

Analysis of Problem

responsible for protecting water quality. The permitting process is that a recycled water project is first reviewed and approved by CDPH. Afterward, the Regional Water Board issues waste discharge/recycled water requirements for the project that include CDPH's recommendations and incorporate recycled water criteria.

As authorized by the Water Code, CDPH has adopted recycled water criteria for many uses of recycled water. These include landscape irrigation, agricultural irrigation, impoundments, and car washing, among others. Proposals for potable reuse, however, have been permitted on a case-by-case basis.

As noted in the resource history below, very little of the funds have been spent to date and the 3.0 one-year limited term positions have not been filled by CDPH due to difficulty in recruiting for one-year limited term positions.

Resource History
(Dollars in thousands)

Program Budget	2009-10	2010-11	2011-12	2012-13	2013-14
Authorized Expenditures	N/A	N/A	N/A	700	700
Actual Expenditures	0	0	0	210	0
Revenues	0	0	0	0	0
Authorized Positions	0.0	0.0	0.0	0.0	3.0
Filled Positions	0.0	0.0	0.0	0.0	0.0
Vacancies	0.0	0.0	0.0	0.0	3.0

C. State Level Considerations

This request is necessary to continue to implement SB 918, which directed CDPH, specifically the Drinking Water Program, to adopt recycled water criteria for indirect potable reuse. Once adopted, water recycling agencies would know the requirements applicable to an indirect potable reuse project and the time required to obtain a permit for it, creating an environment of regulatory certainty that would encourage the development of these projects. Development of recycled water is a key component of the State Water Plan and the State Water Board's Recycled Water Policy.

Sufficient water sources to serve California's population and business needs are essential to the long-term growth of the state. Recycled water and other alternative water supplies will become a more important factor in the growth of the economy as the population of the state grows and as the drought threatens the reliability of California's traditional water supplies. Without developing recycled water uses, as proposed, many communities in the state may be unable to supply domestic water to all of its customers.

We expect general support for this proposal. Water agencies are seeking regulatory certainty and environmental interest support more water recycling to reduce demands on surface water needed to support aquatic ecosystems. This proposal is also consistent with the Governor's California Water Action Plan by increasing the use of recycled water.

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D. Justification

This activity is a priority of the Legislature as indicated by the adoption of SB 918 and the authorization of \$1.4 million (\$700,000 in FY 2012-13 and \$700,000 in FY 2013-14). This funding was necessary to complete the work outlined in SB 918. However, due to the proposed reorganization of the DWP from CDPH to the Water Board, it is necessary to revert the contract unspent funds, add 3.0 two-year limited term positions and appropriate funds to cover the staff costs to complete the legislative mandates.

Phase I regulations being completed by the Department of Public Health are due June 30, 2014 per recent drought legislation (Chapter 3, Statutes of 2014 (SB 104)). Phase I regulations require development of uniform water recycling criteria for indirect potable water reuse for groundwater recharge.

The adoption of the recycled water criteria, with its public review process, is needed to ensure public confidence in indirect potable reuse, to create regulatory certainty of the requirements that will be placed on indirect potable reuse projects, and to streamline the permitting process.

Meeting these goals will make areas of the state with scarce water supply less dependent on imported water, which is an unreliable supply. It is unreliable because it is dependent on snowmelt that may decrease due to global climate change and dependent on exports from the Sacramento-San Joaquin Delta that may be further limited to protect endangered species.

E. Outcomes and Accountability

If approved, the Water Board will continue to move forward with the schedule for the adoption of the recycled water criteria. The revised schedule is provided below.

Projected Outcomes

Workload Measure	2013-14	2014-15	2015-16	2016-2017
Annual Report to the Legislature		7/1/14	7/1/15	7/1/16
Expert Panel Meetings	3/6/14 and 4/10/14	1/9/15	7/3/15	
Expert Panel recommendations	5/31/14 Direct potable reuse		1/29/16 Surface water augmentation	
Complete draft criteria for groundwater recharge	6/1/14			
Complete draft criteria for surface water augmentation		12/5/14 AND 6/1/15		
Ensure publication of Notice of Proposed Rulemaking for groundwater recharge regulations		10/1/14		
Submit groundwater recharge regulations to OAL for approval			9/30/15	
Ensure publication of Notice of Proposed Rulemaking for surface water augmentation regulations				9/30/16

Analysis of Problem

Submit surface water augmentation regulations to OAL for approval				3/31/17
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F. Analysis of All Feasible Alternatives

Alternative 1 – Revert unspent contract funds and provide 3.0 two-year limited term staff to complete the provisions of SB 918.

Pro:

- This alternative will allow the Water Board to continue the work started by CDPH and to comply with statutory requirements.

Con:

- The funds would not be available for other authorized uses of the WDPF, such as cleanup and abatement of contaminated sites.

Alternative 2 – Redirect staff and funding to implement SB 918.

Pros:

- No temporary increase in the size of state government.
- Penalty funds within the WDPF could be used for other purposes, if authorized by the Legislature.

Cons:

- The Water Board would have to identify staff to redirect from either the Drinking Water Program or an existing Water Quality Program.
- Redirecting staff would have a negative impact on current regulatory activities at the Water Boards.

Alternative 3 – Do Nothing

Pros:

- No increase to state government.
- Unspent WDPF penalty funds would revert and become available for other purposes, if authorized by the Legislature.

Cons:

- SB 918 mandates will be delayed.
- There will be potential delays in approving recycled water recharge projects as existing technical staff resources will be stretched.

G. Implementation Plan

July 2014, advertise positions.

August 2014, hire staff.

Review deadlines identified in the legislation and work with all necessary parties to prepare a revised schedule to complete the recycled water criteria.

H. Supplemental Information (Check box(es) below and provide additional descriptions.)

None Facility/Capital Costs Equipment Contracts Other _____

Reversion Language

I. Recommendation

Alternative 1 – Revert unspent contract funds and provide 3.0 two-year limited term staff to complete the provisions of SB 918.

Proposed Reversion Language

3940-495—Reversion, State Water Resources Control Board. As of June 30, 2014, the unencumbered balance of the appropriations provided in the following citations shall revert to the fund balance of the fund from which the appropriations were made:

0193—Waste Discharge Permit Fund

(1) Item 3940-001-0193, Budget Act of 2012 (Chapter 21/29, Statutes of 2012)

Of the amount appropriated in this item, and notwithstanding subdivision (k) of Section 13350 of the Water Code, up to \$700,000 shall be from the balance of penalty revenues generated by the imposition of liabilities pursuant to Section 13350 of the Water Code. The funds specified in this provision are hereby appropriated to support the development of uniform water recycling criteria for indirect potable water reuse for groundwater recharge pursuant to Chapter 700 of the Statutes of 2010.

(2) Item 3940-001-0193, Budget Act of 2013 (Chapter 20, Statutes of 2013)

Of the amount appropriated in this item, and notwithstanding subdivision (k) of Section 13350 of the Water Code, up to \$700,000 shall be from the balance of penalty revenues generated by the imposition of liabilities pursuant to Section 13350 of the Water Code. The funds specified in this provision are hereby appropriated to support the development of uniform water recycling criteria for indirect potable water reuse for groundwater recharge pursuant to Chapter 700 of the Statutes of 2010.

Fiscal Summary
(Dollars in thousands)

FL No. 2	Proposal Title SB 918 - Recycled Water Program			Program 15 - Drinking Water		
Personal Services	Positions			Dollars		
	CY	BY	BY + 1	CY	BY	BY + 1
Total Salaries and Wages ¹		3.0	3.0		\$277	\$277
Total Staff Benefits ²					115	115
Total Personal Services	0.0	3.0	3.0	\$0	\$392	\$392
Operating Expenses and Equipment						
General Expense					5	5
Printing					4	4
Communications					8	8
Postage					4	4
Travel-In State						
Travel-Out of State					15	15
Training					8	8
Facilities Operations					62	62
Utilities						
Consulting & Professional Services: Interdepartmental ³						
Consulting & Professional Services: External ³						
Data Center Services						
Information Technology						
Equipment ³						
Other/Special Items of Expense: ⁴						
Total Operating Expenses and Equipment				\$0	\$106	\$106
Total State Operations Expenditures				\$0	\$498	\$498
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds ⁵	3940	001	0193		\$498	\$498
Federal Funds						
Other Funds (Specify)						
Reimbursements						
Total Local Assistance Expenditures				\$0	\$0	\$0
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds ⁵						
Federal Funds						
Other Funds (Specify)						
Reimbursements						
Grand Total, State Operations and Local Assistance				\$0	\$498	\$498

¹ Itemize positions by classification on the Personal Services Detail worksheet.

² Provide benefit detail on the Personal Services Detail worksheet.

³ Provide list on the Supplemental Information worksheet.

⁴ Other/Special Items of Expense must be listed individually. Refer to the Uniform Codes Manual for a list of standard titles.

⁵ Attach a Fund Condition Statement that reflects special fund or bond fund expenditures (or revenue) as proposed.

Personal Services Detail

(Whole dollars)

FL No. 2	Proposal Title SB 918 - Recycled Water Program
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Salaries and Wages Detail

Classification ^{1 2}	Positions			Salary Range	Dollars		
	CY	BY	BY + 1		CY	BY	BY + 1
Sr Sanitary Engineer		2.0	2.0	7,377-9,234		\$199,332	\$199,332
Recruitment/Retention				300 per mo		7,200	7,200
Sanitary Engrng Assoc		1.0	1.0	4,960-6,208		67,008	67,008
Recruitment/Retention				300 per mo		3,600	3,600
Total Salaries and Wages ³	0.0	3.0	3.0		\$0	\$277,140	\$277,140

Staff Benefits Detail	CY	BY	BY + 1
OASDI			
Health/Dental/Vision Insurance			
Retirement			
Miscellaneous			
Safety			
Industrial			
Other:			
Workers' Compensation			
Industrial Disability Leave			
Non-Industrial Disability Leave			
Unemployment Insurance			
Other:			
Total Staff Benefits ³	\$0	\$115,086	\$115,086
Grand Total, Personal Services	\$0	\$392,226	\$392,226

¹ Use standard abbreviations per the Salaries and Wages Supplement. Show any effective date or limited-term expiration date in parentheses if the position is not proposed for a full year or is not permanent, e.g. (exp 6-30-13) or (eff 1-1-13)

Note: Information provided should appear in the same format as it would on the Changes in Authorized Positions.

² If multiple programs require positions, please include a subheading under the classification section to identify positions by program/element.

³ Totals must be rounded to the nearest thousand dollars before posting to the Fiscal Summary.

Supplemental Information

(Dollars in thousands)

FL No. 2	Proposal Title SB 918 - Recycled Water Program
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Equipment	CY	BY	BY +1
Standard Complement			
Total	\$0	\$0	\$0

Consulting & Professional Services	CY	BY	BY +1
Total	\$0	\$0	\$0

Facility/Capital Costs	CY	BY	BY +1
Total	\$0	\$0	\$0

One-Time/Limited-Term Costs Yes No

Description	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
Two-yr LT Positions					-3.0	-498
Total	0.0	\$0	0.0	\$0	-3.0	-\$498

Full-Year Cost Adjustment Yes No

Provide the incremental change in dollars and positions by fiscal year.

Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
Total	0.0	\$0	0.0	\$0	0.0	\$0

Future Savings Yes No

Specify fiscal year and estimated savings, including any decrease in positions.

Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
Total	0.0	\$0	0.0	\$0	0.0	\$0

Special Fund Detail

(Dollars in thousands)

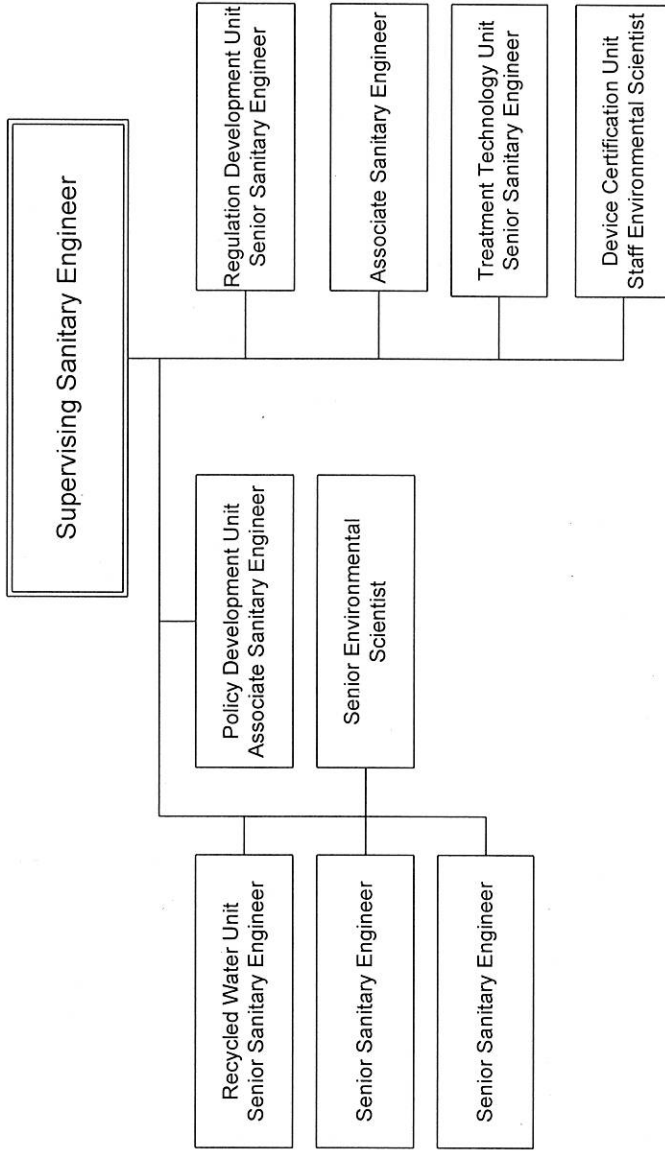
FL No.	Proposal Title					
2	SB 918 - Recycled Water Program					
Special Fund Title	Item Number			CY	Dollars	
	Org	Ref	Fund		BY	BY + 1
Waste Discharge Permit Fund	3940	001	0193		\$498	\$498
Total Special Funds - State Operations ¹				\$0	\$498	\$498

Special Fund Title	Item Number			CY	Dollars	
	Org	Ref	Fund		BY	BY + 1
Total Special Funds - Local Assistance ²				\$0	\$0	\$0

¹ Total must tie to "various" funds identified for State Operations, Special Funds in the Fiscal Summary. Add rows if necessary.
² Total must tie to "various" funds identified for Local Assistance, Special Funds in the Fiscal Summary.

STATE WATER RESOURCES CONTROL BOARD
Division of Drinking Water
Technical Operations Section

Current



STATE WATER RESOURCES CONTROL BOARD
Division of Drinking Water
Technical Operations Section

Proposed

