

Transition
Drinking Water



Drinking Water Reorganization Transition Plan

Health and Human Services Agency & CalEPA
March 2014



STATE OF CALIFORNIA
EDMUND G. BROWN JR., GOVERNOR



CALIFORNIA ENVIRONMENTAL
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Table of Contents

Acknowledgements.....	2
Executive Summary.....	3
Process to Inform the Drinking Water Reorganization Transition Plan.....	4
Existing Organizations	4
Existing Organizational Structure.....	8
Changes as a Result of Program Transfer.....	9
Proposed New Organizational Structure.....	11
Benefits of Integrating Water Programs.....	12
Policy Synergies from Integrated Water Quality Management.....	12
Financial Assistance Synergies.....	13
Program Implementation Synergies.....	15
Permitting and Certification Synergies.....	15
Monitoring and Data Synergies.....	16
Water Rights Synergies.....	16
Specifics of Proposed Transfer.....	17
Division of Drinking Water.....	17
Deputy Director.....	17
Local Primacy Agencies.....	17
Maximum Contaminant Levels.....	18
Emergency Response.....	18
Memorandum of Understanding.....	19
Board Structure.....	19
Transition Advisory Group.....	19
Recycled Water Program.....	19
Safe Drinking Water State Revolving Fund Program and Bond Program.....	21
Operator Certification Program.....	22
Drinking Water Source Assessment and Protection Program.....	23
Environmental Laboratory Accreditation Program.....	24
Administrative, Legal, and Information Technology.....	24
Program Primacy.....	24
Beyond Water Program Integration.....	25



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Executive Summary

State policy declares that every human being has the right to clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes [AB 685 (Eng, Chapter 524, Statutes of 2012)].

The Administration has evaluated the current governance structure of the state's drinking water and water quality activities and concluded that aligning the state's drinking water and water quality programs in an integrated organizational structure would best position the state to both effectively protect water quality and the public health as it relates to water quality, while meeting current needs and future demands on water supplies. With the Legislature's approval and appropriate legislation, this alignment will be achieved by moving the Drinking Water Program from the Department of Public Health to the State Water Board on July 1, 2014.

The Administration's goal in transferring the Drinking Water Program is to align the state's water quality programs in an organizational structure that:

- 1) Consolidates all water quality regulation throughout the hydrologic cycle to protect public health and promote comprehensive water quality protection for drinking water, irrigation, industrial, and other beneficial uses;
- 2) Maximizes the efficiency and effectiveness of drinking water, groundwater, and water quality programs by organizing them in a single agency whose primary mission is to protect water quality for beneficial uses including the protection and preservation of public and environmental health;
- 3) Continues focused attention on providing technical and financial assistance to small, disadvantaged communities to address their drinking water needs;
- 4) Consolidates financial assistance programs into a single state agency that is focused on protecting and restoring California water quality, protecting public health, and supporting communities in meeting their water infrastructure needs;
- 5) Establishes a one-stop agency for financing water quality and supply infrastructure projects;
- 6) Enhances water recycling, a state goal, through integrated water quality management; and
- 7) Promotes a comprehensive approach to communities' strategies for drinking water, wastewater, water recycling, pollution prevention, desalination, and storm water.



Process to Inform the Drinking Water Reorganization Transition Plan

A Transition Team consisting of staff from California Health and Human Services Agency, California Environmental Protection Agency (CalEPA), the Department of Public Health, and the State Water Resources Control Board (State Water Board) worked closely together to plan for the proposed transfer.

A Drinking Water Reorganization Task Force (Task Force), was also convened to provide input on the development of this Drinking Water Reorganization Transition Plan (Transition Plan). The Task Force consisted of 33 representatives of water agencies, environmental justice advocates, legislative staff, local health officers, local environmental health officers, environmental groups, and other entities. Stakeholder members of the Task Force, listed in the Acknowledgements, provided essential input to inform this Transition Plan.

Each Task Force meeting focused on specific issues related to the proposed transfer. Generally at each Task Force meeting, staff provided Administration Proposals on the issues under discussion, followed by informational presentations by subject matter experts from the Department of

Public Health and the State Water Board. Task Force members were then offered an opportunity to comment and provide advice on the issues or proposals. They were not asked to achieve consensus; nor were they asked to vote on specific proposals. Although this Transition Plan benefited greatly from Task Force deliberations, the elements of this Transition Plan may not reflect the viewpoints of all Task Force members. The Task Force Summary Document¹ includes the subject matter expert presentations, Administration Proposals, letters from Task Force members, and a summary of Task Force input.

At the conclusion of the Task Force meetings and in an effort to ensure broad public involvement, a public meeting was held to obtain additional feedback on the proposed transfer from all interested parties. These public comments also provided valuable input for this Transition Plan.

Existing Organizations

The *Department of Public Health* was re-established in 2007 as a stand-alone department, after over three decades within the Department of Health Services,

¹ Posted at: http://www.waterboards.ca.gov/drinkingwater/docs/taskforce/task_force_summary.pdf.



to be the lead entity in California providing core public health functions and essential services. Its mission is to optimize the health and well-being of the people in California, primarily through programs, strategies, and initiatives oriented to improve health at the community level. It achieves this mission through:

- Promoting healthy lifestyles for individuals and families in their communities and workplaces;
- Preventing disease, disability, and premature death and reducing or eliminating health disparities;
- Protecting the public from unhealthy and unsafe environments;
- Providing or ensuring access to quality community health services;
- Preparing for, and responding to, public health emergencies;
- Producing and disseminating data to inform and to evaluate public health status, strategies, and programs; and
- Improving the quality of the workforce and workplace; and promoting and maintaining an efficient and effective organization.

The Department of Public Health pursues these goals through its programmatic and operational support activities and in

collaboration with local health departments and other organizations throughout the state.

The *State Water Board* was created in 1967 by the State Legislature to protect and enhance the quality of California waters for present and future generations. The Water Boards are made up of the State Water Board, along with the nine Regional Water Quality Control Boards (Regional Water Boards). The State Water Board develops statewide policy and plans for water quality control, develops regulations, provides financial assistance, and allocates water rights. The Regional Water Boards provide local implementation of policy and regulations, develop long-range plans for their areas, issue waste discharge permits, and take enforcement actions against violators. The State Water Board:

- Implements the federal Clean Water Act and California Water Code, along with the Regional Water Boards. These acts protect the water quality of nearly 1.6 million acres of lakes, 1.3 million acres of bays and estuaries, 211,000 miles of rivers and streams, and about 1,100 miles of coastline;
- Safeguards the right of Californians to clean water for all beneficial uses – including drinking water, bathing, boating, swimming, farming, manufacturing, and environmental uses;



- Considers, by law, drinking water to be the highest beneficial use of the waters of the state;²
- Provides education and outreach to improve the public's understanding and knowledge of the importance of water quality;
- Allocates funding for constructing and upgrading wastewater treatment facilities throughout the state; California's State Water Pollution Control Revolving Fund (Clean Water SRF) has allocated \$6.5 billion since 1989;
- Certifies wastewater treatment plant operators to ensure they meet the standards to protect public health and the environment;
- Distributes millions of dollars in bond funds to communities for water quality protection, including water quality planning, water recycling, treatment of storm water, and clean beaches; and
- Administers the Water Rights Program to ensure that the state's water resources are developed, conserved and utilized equitably and that senior water rights, water quality, and the environment are safeguarded.

² Water Code section 106. "It is hereby declared to be the established policy of this State that the use of water for domestic purposes is the highest use of water..."

The *Drinking Water Program* of the Department of Public Health, originally established in 1915, consists of the Drinking Water Technical Programs Branch, the Northern and Southern California Drinking Water Field Operations Branches, the Environmental Laboratory Accreditation Program (ELAP), and part of the Resource Management Section (which includes Drinking Water Operator Certification).

Staffing consists of 291 engineers, scientists, administrative, and other permanent staff, as well as temporary help. Approximately one-third of the staff is located in the Sacramento headquarters office, with the remaining staff distributed among 13 locations throughout the state. These locations comprise five regions with 23 total district offices.

Centralized support functions are headquartered in Sacramento, including technical operations, Safe Drinking Water State Revolving Fund (Safe Drinking Water SRF), and other financing and administration programs. Regulatory functions (inspections, permitting, and enforcement) are carried out by the field staff in district offices.

The Drinking Water Program is responsible for enforcing the federal and state Safe Drinking Water Acts. The main responsibilities are to: (1) issue permits to drinking water systems, (2) inspect water systems, (3) monitor drinking water



quality, (4) set and enforce drinking water standards and requirements, and (5) award infrastructure loans and grants.

The Program:

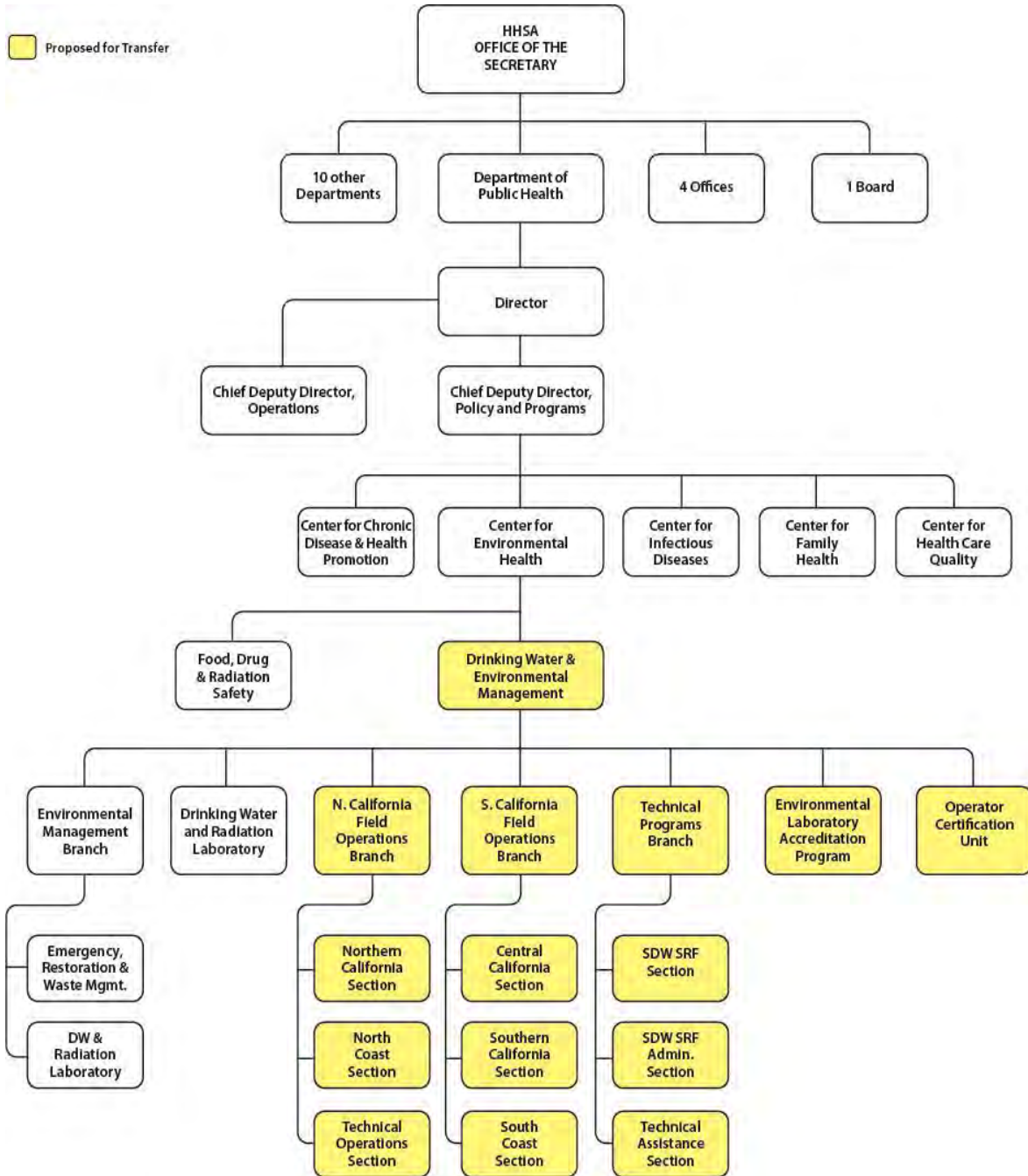
- Regulates, either directly or indirectly through the Local Primacy Agency Program, approximately 3,000 community water systems (primarily residential users) and 4,500 non-community systems, ranging in size from 15 service connections to thousands of service connections. These systems may be publicly or privately owned;
- Provides loans and grants for infrastructure improvements, certifies water system operators, assists in the development of regulations, and assists water systems in developing their technical, managerial, and

financial capabilities, and emergency response capacity;

- Provides support to other Department of Public Health functions, such as the Licensing and Certification program, the Food and Drug program, and several other programs regarding water issues (e.g., communicable diseases, fluoridation, and environmental health investigations); and
- Works closely with the Department of Public Health's Emergency Preparedness Office to respond to local and statewide emergencies such as droughts, fires, chemical spills, earthquakes, contamination events, terrorist incidents and vandalism, and floods which involve drinking water.



Existing Organizational Structure



Changes as a Result of Program Transfer

The Administration proposes to transfer the Drinking Water Program from the Department of Public Health to the State Water Board. If approved by the Legislature, the transfer would increase the staff size of the Water Boards (1510.4 positions) by 291.2 positions. The key elements of the proposal are:

- Regulatory staff (permitting, inspections, enforcement, etc.), which comprise the bulk of the Drinking Water Program, would be organized into a new Division of Drinking Water within the State Water Board. The Division would be overseen by a Deputy Director, who would be required to have public health expertise and who would report directly to the Executive Director. The Division would be responsible for implementing all Drinking water Program functions, including the issuance of permits and enforcement orders. Regulatory staff would remain in locally-based offices and would continue their close working relationships with water system personnel, local environmental health and public health agencies, and relevant community organizations. The Regional Water Boards would not implement any Drinking Water Program functions;

DRINKING WATER PROGRAM / ADMINISTRATIVE STAFFING AT DEPARTMENT OF PUBLIC HEALTH	
Drinking Water Program Staffing	Number of Staff
Executive Division	15
Operator Certification	7
Drinking Water Technical (SRF)	40.5
Regulatory - Northern CA	77.5
Regulatory - Southern CA	104
ELAP	25
TOTAL Drinking Water Program	269
Administrative Staffing	Number of Staff
Administrative Staff	6
Legal Division	5
Legislation/Public Affairs	1
Information Technology	10
TOTAL Administrative Staff	22
TOTAL Permanent Staff	291
<i>NOTE: The total number of Drinking Water Program staff includes 291 permanent staff positions as well as temporary help.</i>	

- Safe Drinking Water SRF and other funding staff, including grant and loan administrators, would be moved into the Division of Financial Assistance and integrated with staff of the State Water Board’s Clean Water SRF program, creating opportunities for improved administrative effectiveness;



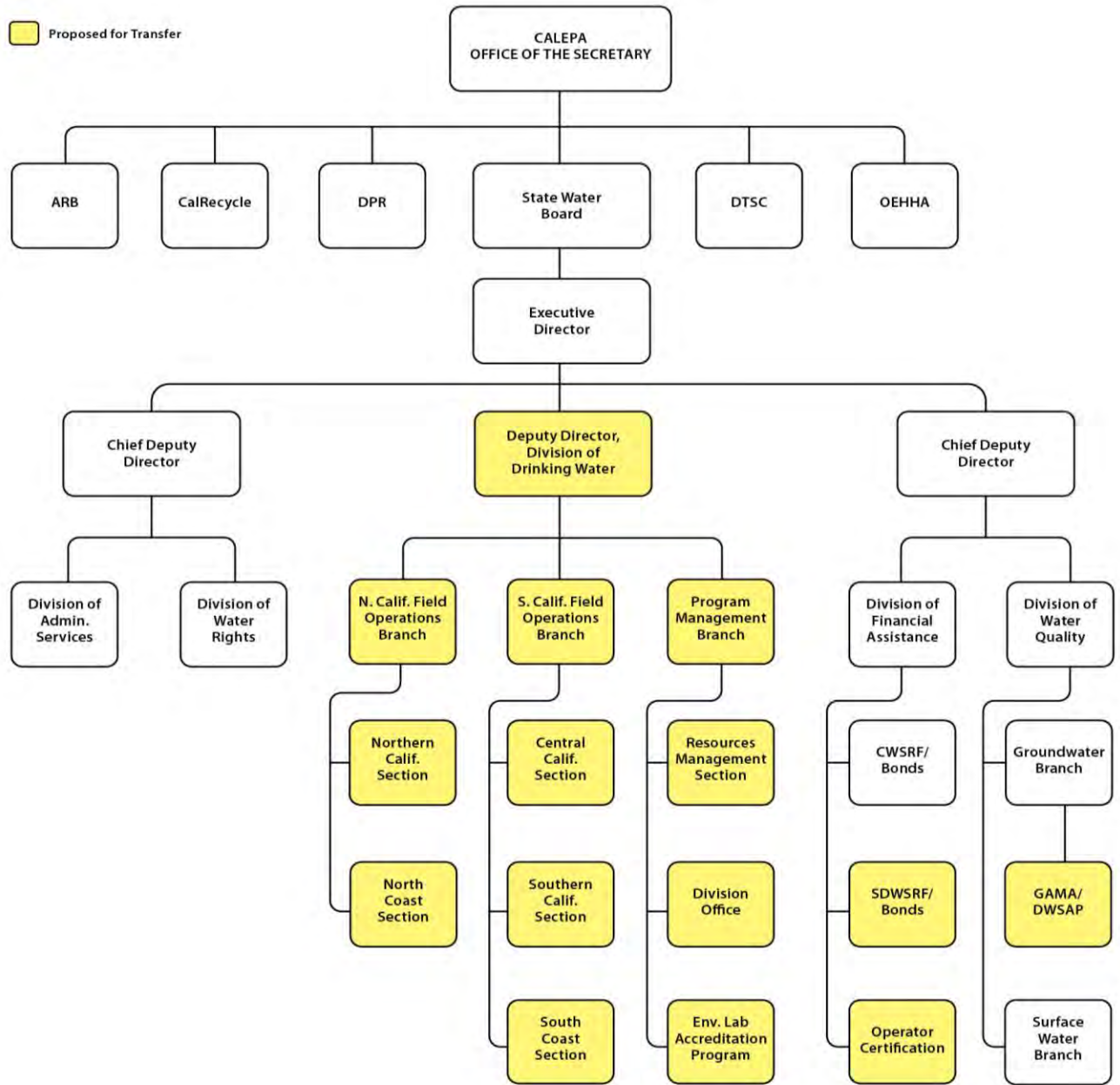
- Support staff (human resources, legal counsel, legislative staff, etc.) would be consolidated into these existing functions at the State Water Board;
- Management of the Drinking Water Operator Certification Program would be consolidated with the Wastewater

Operator Certification Program in the Division of Financial Assistance; and

- The Program's headquarters staff would be moved, to the extent possible, into the CalEPA building, for more effective integration into the State Water Board.



Proposed New Organizational Structure



Benefits of Integrating Water Programs

Transferring the Drinking Water Program from the Department of Public Health to the State Water Board will align the state's drinking water and water quality programs in an integrated organizational structure that will best position the state to respond to existing and future water quality challenges while continuing to protect public health. According to the Legislative Analyst's Office, such a transfer has the potential for "significant improvements in the administration of the state's drinking water programs, particularly regarding the effectiveness of financial assistance programs, the integration of drinking water with other water policy issues, and the ability of the public to hold decision-makers accountable for drinking water outcomes through the [State Water Board's] board structure."³ Thirty states, as well as U.S. EPA, consolidate their drinking water and water quality programs into a single entity. In the past, the U.S. EPA Environmental Finance Advisory Board has noted advantages to jointly managing wastewater and drinking water infrastructure financing programs.⁴ Many areas have been identified where the

³ LAO, *The 2014-15 Budget: Resources and Environmental Protection*, February 2014.

⁴ U.S. EPA Environmental Finance Advisory Board, *Combined Operations of the Clean Water and Drinking Water State Revolving Funds*, May 27, 2005.

transfer of the Drinking Water program to the State Water Board would produce positive policy outcomes.

Policy Synergies from Integrated Water Quality Management: California will achieve comprehensive and harmonized water quality policy through water program consolidation. A single agency responsible for all aspects of water quality regulation would best position California to meet future water resource challenges arising from population increases, climate change, and more frequent droughts. Locating the Drinking Water Program at the State Water Board also would promote a comprehensive approach to the development of community strategies for drinking water, wastewater, water recycling, pollution prevention, desalination, and storm water, while protecting public health.

Locating the Drinking Water Program in the State Water Board will more meaningfully connect the protection of surface and groundwater quality to the treatment and delivery of drinking water. Integrating water quality management in a single governmental entity for state-level activities is a key element of the [California Water Action Plan](#) and would also further the Groundwater Strategy under development by the State Water Board.

The State's groundwater resources are being stressed by contamination, industrial pollution, sea water intrusion,



drought, and overdraft. With the Program transfer, the State Water Board would coordinate implementation of the Drinking Water Source Assessment and Protection Program with the State Water Board's Groundwater Ambient Monitoring and Assessment Program and Surface Water Ambient Monitoring Program, to provide a complete understanding of interrelated surface and groundwater resources and to inform the Water Boards' regulatory responsibilities. Co-management of the programs would also allow the State Water Board to maximize the comprehensiveness and public accessibility of drinking water quality data.

In administering the Drinking Water Program, the State Water Board would ensure close coordination between the Drinking Water Program and groundwater assessment by the Water Boards. For example, the Groundwater Ambient Monitoring and Assessment Program evaluates fate and transport of contaminants through aquifers. Co-locating this program with the Drinking Water Program would allow better identification of drinking water sources at risk of becoming impacted by migrating contamination.

The transfer of the Drinking Water Program would enhance the Water Boards' water quality planning activities. For example, the State Water Board's [Recycled Water Policy](#) mandates the development of the Salt and Nutrient

Management Plans, which may lead to identification of areas needing special protection of drinking water. Similarly, transferring the Drinking Water Program to the State Water Board would better enable the State Water Board to review the Potentially Contaminating Activities identified under the Drinking Water Source Assessment and Protection Program. This review may also lead to identification of areas requiring special protection.

A single state agency responsible for water quality would also ensure that the public knows which agency to hold accountable for water quality concerns and would further integrate the Water Boards' responsibilities to regulate discharges of waste that affect drinking water quality.

Financial Assistance Synergies:

Joint management of the Clean Water SRF and the Safe Drinking Water SRF programs and consolidated management of bond-funded programs would create a more comprehensive and flexible water project financing system. For instance, the transfer would place technical and financial assistance programs in one agency. This consolidation should help small, disadvantaged communities address their water quality challenges by reducing the number of government entities with whom they must work. As part of the transfer, the Administration will also propose legislative changes to better align the Safe Drinking Water SRF



with the Clean Water SRF. This would provide greater administrative flexibility to the Drinking Water SRF program – in line with the flexibility the Clean Water SRF program already enjoys – to facilitate the disbursement of financial assistance. For example, the Clean Water SRF may set interest rates at or below half the General Obligation bond rate, however the Safe Drinking Water SRF is required by law to set interest at exactly half this rate. Having the flexibility to lower interest rates could help make loans possible for systems that may not otherwise qualify.

The Administration, after receiving a positive reception by Task Force members, will propose to allow the State Water Board to set the requirements for the Safe Drinking Water SRF and drinking water bond programs, both voluntary financial assistance programs, through its policy handbook process rather than through the formal rulemaking process. The policy handbook process, which is used by the State Water Board for the Clean Water SRF, is subject to public review and comment and must be adopted by the Board at a duly noticed meeting. The policy handbook process will give the State Water Board the flexibility needed to better respond to communities' and public drinking water systems' needs and market conditions.

Under the current organizational structure, the Drinking Water Program and the State Water Board provide resources through interagency

FEDERAL WATER QUALITY STATUTES

There are two main federal environmental protection regulatory statutes that address water quality issues – the Safe Drinking Water Act (SDWA) and the Clean Water Act (CWA).

The SDWA was enacted in 1974 to protect public health by regulating drinking water. The SDWA regulates public water systems, which may be government or privately owned. CDPH is the primacy agency for the SDWA.

The CWA was originally enacted in 1948 and significantly reorganized and expanded in 1972. It was enacted to regulate the discharge of pollutants into water and protect surface water quality. The State Water Board is the primacy agency for the CWA.

The states with primacy agencies must adopt standards that are at least as stringent as those adopted by the U.S. EPA and ensure that those standards are met.

-Legislative Analyst Office
December 20, 2012

agreements to supply interim water for certain drinking water systems in severely disadvantaged communities. The transfer would eliminate the need to negotiate these interagency agreements and provide for greater efficiency by combining these resources within the State Water Board.



Program Implementation Synergies:

Co-location would lead to greater collaboration between the Drinking Water Program staff and Water Board staff performing related or supporting functions. For example, currently, the siting of new drinking water wells may not be synchronized with groundwater cleanup, since these actions are implemented under separate agencies. Under the current system, a public water system planning to drill a new well may be unaware of nearby groundwater cleanup activities going on under the auspices of the Water Boards. Such lack of awareness may lead to contaminants from a nearby plume being drawn into the new municipal well, an expensive and avoidable problem. Conversely, the new well could compromise the effectiveness of the groundwater remediation system. The program transfer will provide strengthened relationships among these entities and improve opportunities for coordination in order to avoid adverse outcomes.

In addition, the State Water Board and the Department of Public Health currently have a number of interagency agreements for projects to address mutual goals, such as establishing recycled water criteria. These interagency agreements will no longer be necessary with the transfer of the Drinking Water Program.

Permitting and Certification Synergies:

The State Water Board and the Department of Public Health already collaborate on, and have regulatory overlap in, some permitting and certification areas such as recycled water permitting requirements, operator certifications for recycled water facilities, and effluent limitations for pathogens. Co-locating these functions at the State Water Board would improve collaboration as well as coordination of permit and certification processes.

As described in the box below, the Drinking Water and Wastewater Operator Certification Programs also offer opportunities for synergies. For example, currently operators in recycled water facilities may need to obtain both drinking water and wastewater operator certifications. The State Water Board could consider whether to offer a Recycled Water certified operator classification to address potential overlap in certifications.

Monitoring and Data Synergies:

The State Water Board's Groundwater Ambient Monitoring and Assessment Program characterizes groundwater aquifer conditions and forms the basis for both agencies' actions related to drinking water beneficial uses. Through the Groundwater Ambient Monitoring and Assessment Program's voluntary domestic well sampling program, the State Water Board is aware of the drinking water challenges facing systems with fewer than



OPERATOR CERTIFICATION PROGRAMS

The Operator Certification Program is a good example of the closer coordination that would happen with this transfer.

The Drinking Water and Wastewater Operator Certification Programs, currently run by the Department of Public Health and the Water Board respectively, have many similar elements that could benefit from consolidated management. Both programs protect public health by ensuring that operators of water infrastructure facilities are properly qualified to perform their duties.

This involves reviewing applications, administering exams, issuing certifications, and conducting enforcement where appropriate. Specifically, the programs could benefit from consolidated and improved examination processes. The requirement for the state to develop criteria for reclaiming water suitable for drinking (direct potable reuse) will drive a need for harmonization between the Operator Certification Programs.

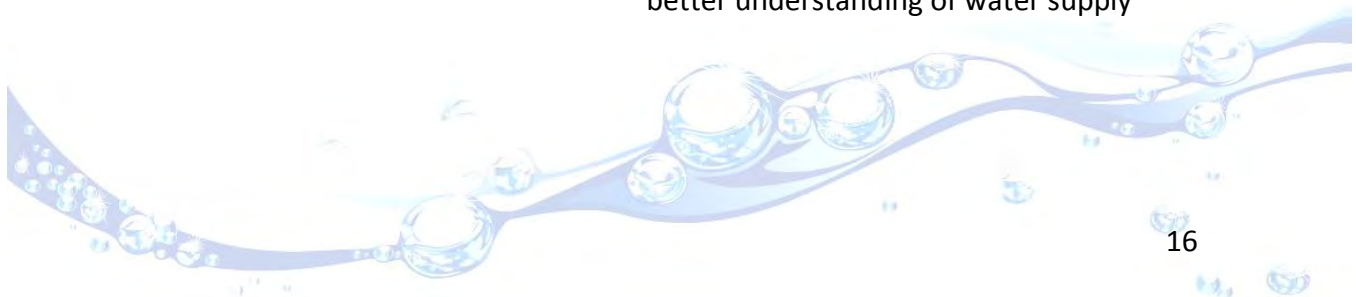
15 service connections. With program transfer, the State Water Board could evaluate the needs of these systems to protect public health. In addition, the Water Boards' publicly-accessible websites such as [My Water Quality](#) and [GeoTracker GAMA](#) would be positioned to eventually display water supply use information that is currently collected in paper format by the Department of Public Health.

Water Rights Synergies:

One of the major focuses of the State Water Board is the Water Rights Program. When the State Water Board was formed in 1967, California recognized the importance of combining the state's adjudicatory and regulatory functions for both water supply and water quality within one agency because water supply and water quality are inextricably linked. The proposal to transfer the Drinking Water Program to the State Water Board would realize some of these same benefits.

The State Water Board has sole state-level administrative authority in California over the allocation of surface water supplies, and certain groundwater supplies, to support beneficial uses of water in the state. Drinking water use is the first priority among beneficial uses. Due to their overlapping responsibilities, a natural synergy exists between the two programs.

For example, community water suppliers are required to demonstrate that they have a water right before qualifying for financial assistance under the Drinking Water Program. Navigating both of these regulatory processes can be challenging – particularly for small, disadvantaged communities. Housing both programs within the same organization would allow greater data sharing and closer coordination between the regulatory and financial assistance programs. The Water Rights Program would also develop a better understanding of water supply



needs, allowing the State Water Board to better balance supplies among competing beneficial uses.

Specifics of Proposed Transfer

Under the proposed transfer, Drinking Water Program regulatory staff would be organized under a new *Division of Drinking Water* within the State Water Board. Headquarters staff for the Division would be relocated to the CalEPA building with other State Water Board staff. The remainder of the staff would continue to be locally-based in district offices and would continue their close working relationships with water system personnel and other interested community groups.

The Division of Drinking Water would be overseen by a *Deputy Director* reporting directly to the Executive Director of the State Water Board, providing a high level of access and prominence for the Program. In addition, the Deputy Director would be required to have public health expertise, to ensure that the public health focus of the program is maintained. The Deputy Director would have the authority to grant or deny water system permit applications. These decisions would not be subject to Board review. The transfer would not affect existing permits until later modified or renewed. The Deputy Director would also have the authority to issue water system enforcement orders

and other compliance actions.

Enforcement decisions would be subject to Board review. Following current practice, the Deputy Director would have the discretion to delegate permitting and enforcement authorities to field district office staff. Task Force members expressed support for these measures.

In another program administered by the Drinking Water Program, local agencies may assume responsibility for regulating public water systems serving fewer than 200 service connections. Currently, 31 local agencies, called *Local Primacy Agencies*, have been delegated with this authority. Once the Drinking Water Program transitions to the State Water Board, the Local Primacy Agency Program would continue under the supervision and management of the new Division of Drinking Water. Agreements between the Local Primacy Agencies and the Drinking Water Program would continue in effect. Further, the State Water Board would utilize its experience with various local programs and agencies to continue to support the Local Primacy Agency Program and engage its stakeholders. Established working relationships between the local agencies and Drinking Water Program District Office staff would continue, a concept supported by Task Force members.



DRINKING WATER PROGRAM OFFICE LOCATIONS AND STAFFING

LOCATION	POSITIONS
BAKERSFIELD	5
CARPINTERIA	6
FRESNO	28
GLENDALE	43
MONTEREY	7
REDDING	20
RICHMOND	35.5
SACRAMENTO	96.5
SAN BERNARDINO	8
SAN DIEGO	15
SANTA ANA	9
SANTA ROSA	14
STOCKTON	4
TOTAL	291

After the transfer, *Maximum Contaminant Levels (MCLs)* would continue to be established through the regular rulemaking process under the Administrative Procedures Act. The Deputy Director would develop the proposed MCL for the State Water Board's consideration. As with all regular rulemakings, the Board would conduct one or more public hearing(s) no sooner than 45 days after issuing the Notice of Proposed Rulemaking. The Board would

review oral and written comments and staff's responses to comments. The Board would then act on the proposed regulations in a public meeting. After approval by the Board, staff would submit the rulemaking package to the Office of Administrative Law for review and approval.

Presently, the local *Emergency Response* structure consists of rotating Drinking Water Program Duty Officers who receive and evaluate emergency notifications and, as appropriate, forward them to locally-based District Engineers for a response. With the transfer, this local emergency response structure would be moved to the State Water Board, and the Division of Drinking Water would maintain its existing authority to issue emergency notifications. The State Water Board and the Department of Public Health are in the process of developing protocols governing how emergency notifications are triaged from the Office of Emergency Services to the rotating Drinking Water Program Duty Officer to ensure that the Program continues to closely coordinate with the Department of Public Health's Emergency Preparedness Office in cases of emergencies that require a response from both agencies. As a part of the State Water Board, the Division of Drinking Water would become a part of the [Emergency Response Management Committee \(ERMaC\)](#) at CalEPA. The committee is a coordinating body that assists in emergencies requiring cross-department or cross-agency solutions.



The Department of Public Health is and will remain a member of ERMaC after the transfer.

The State Water Board plans to establish a [*Memorandum of Understanding \(MOU\)*](#) with the Department of Public Health's State Public Health Officer for any statewide drinking water emergencies. For emergencies affecting water quality such as sewage or chemical spills, the Drinking Water Program would continue to coordinate with Regional Water Boards. The State Water Board intends to preserve the Drinking Water Program's close working relationships with local health departments and state public health programs. The Drinking Water Program functions that support other areas of the Department of Public Health, such as drinking water for health care facilities and food processors, as well as the fluoridation program, will be maintained by the State Water Board in partnership with the Department of Public Health.

The State Water Board's [*Board Structure*](#) and meeting schedule (normally twice a month) will provide regular opportunities for the public and stakeholders to directly address decision-makers regarding the Drinking Water Program transition or other Program opportunities or concerns. The Executive Director of the State Water Board would provide regular updates to the State Water Board on Transition progress through the [Executive Director's Reports](#) and periodic Board Meeting

Information Items, ensuring program transparency and accountability.

In addition, as recommended by Task Force members, the State Water Board plans to convene a [*Transition Advisory Group*](#), to meet regularly to advise the Board on the Transition. The Transition Advisory Group would consist of representatives of water agency organizations, environmental justice organizations, disadvantaged communities, local health and environmental health officers, and other key stakeholders. After two years, the State Water Board will evaluate whether there is a continuing need for the Transition Advisory Group.

The [*Recycled Water Program*](#) would continue to be managed as part of the Drinking Water Program under the Division of Drinking Water, providing continued public health management. Recycled water is an essential component of California's plan for meeting the state's current and future water supply needs. The population of California is expected to increase by 15.4 million individuals over the next 50 years, according to Department of Finance projections. Sufficient water sources to serve the anticipated 41 percent increase in California's population and business needs are essential to sustain the long-term growth and economy of the state. Moreover, water utilities will need to capture and utilize all available resources if, as expected, the climate changes and



the frequency and duration of droughts increase as a result.

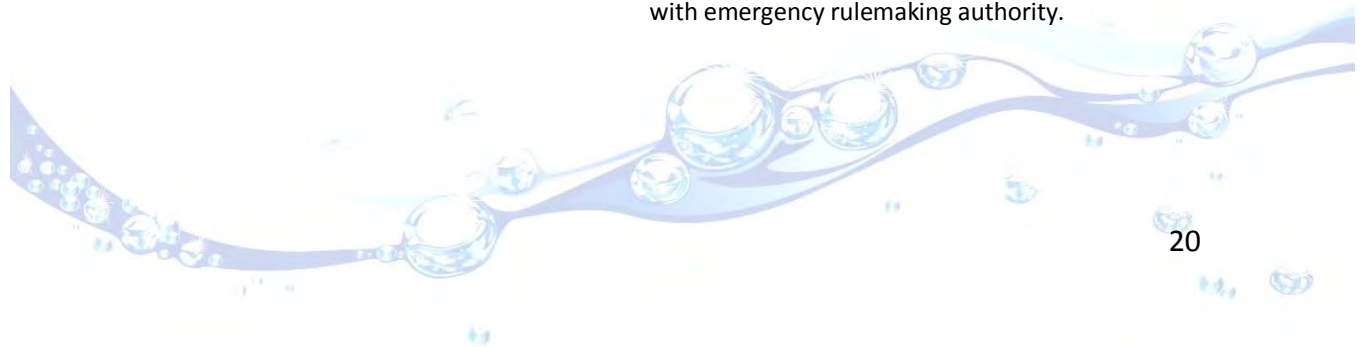
The public expects that any use of recycled water will be done safely and with regulatory oversight to avoid problems and potential health concerns. Under the current regulatory structure, the Drinking Water Program provides public health recommendations to the Water Boards. The Water Boards then issue permits to ensure compliance with regulatory requirements, including the Drinking Water Program's recommendations. The creation of the Division of Drinking Water within the State Water Board creates a unique opportunity to combine these responsibilities in one agency to achieve the State's water recycling goals.

The personnel in the Drinking Water Program working on recycled water issues would be organized under the new Division of Drinking Water, providing continued public health management. Under the State Water Board, the Recycled Water public health recommendations would continue to be coordinated into Water Board permits. In addition, the Administration will propose language for the Legislature to consider that provides the Division of Drinking Water the authority to issue permits for potable reuse of recycled water; Task Force members expressed support for this concept.

Senate Bill 918 (Pavley, Chapter 700, Statutes of 2010), as amended by Senate Bill 322 (Hueso, Chapter 637, Statutes of 2013), requires the preparation of regulations on the recycling of groundwater⁵ and the use of recycled water to augment reservoirs. Further, this legislation requires a report on the feasibility of direct potable reuse. The State Water Board would make the completion of these regulations and report a top priority.

The Administration proposes to give the Deputy Director of the Division of Drinking Water the authority to grant or deny potable water reuse permit applications; Task Force members expressed support for this proposal. Other recycled water permits, for example landscape irrigation permits, will continue to be issued by the Regional Water Boards except for any general permits that the State Water Board may issue in the future. Close collaboration with the Regional Water Boards is expected since the Drinking Water Program recommendations would come from the State Water Board's new Division rather than from an outside agency. As the State considers direct potable reuse, the transfer would best position state government to deliberate on the consolidation of both the Operator

⁵ Note that SB 104 (signed February 27, 2014) addressed the groundwater replenishment regulations by imposing a June 30, 2014 deadline and providing the Department of Public Health with emergency rulemaking authority.



Certification program and permit issuance.

The *Safe Drinking Water SRF Program and Bond Program* administer the Safe Drinking Water SRF and two drinking water grant funding programs funded under the Proposition 50 and Proposition 84 bond measures. The Safe Drinking Water SRF is a low-interest loan program that provides funding for both planning and construction projects for eligible water systems. In administering the funding programs, the Technical Programs Branch coordinates its review and approval of funding projects with the Drinking Water Program Northern and Southern Field Operations Branches. The Field Operations Branches also assist the Technical Programs Branch in evaluating a public water system's technical, managerial and financial capacity to operate and maintain their public water systems.

With Program transfer, the Safe Drinking Water SRF Program staff would be managed under the State Water Board's Division of Financial Assistance and would continue to be responsible for implementing this financial assistance program. As supported by Task Force members, staff performing similar tasks involving the Clean Water SRF and the Safe Drinking Water SRF would be co-located, and program requirements would be incorporated through work process modifications. As described above in the "Financial Assistance Synergies" section,

the Administration is proposing, with Task Force support, legislative changes to provide the State Water Board with the same administrative flexibility for the Safe Drinking Water SRF that is currently provided for the Clean Water SRF.

The State Water Board would continue the Department of Public Health's actions under their Safe Drinking Water SRF Corrective Action Plan approved by U.S. EPA. The State Water Board would use a number of strategies commonly used in the financial sector and used by the Clean Water SRF to maximize the use of available funds. For example, the State Water Board would:

- Use a loan over-commitment strategy, maximizing the amount of funding that can be provided while maintaining fund integrity;
- Use its recent experience and updated master indenture agreement to sell revenue bonds to generate State Match funds (as Bond funds diminish);
- Fully utilize the Loans and Grant Tracking System (LGTS) database, including adopting its dynamic cash flow modeling system;
- Use cross-collateralization when issuing revenue bonds to assist in funding drinking water projects; and



- Continue the existing Regulatory Program funding provided by the federal SRF grant.

As another crucial piece of financial assistance, the Department of Public Health Drinking Water Bond programs would also move to the Division of Financial Assistance, to be co-managed with the State Water Board's Bond programs.

Funding to provide interim drinking water for severely disadvantaged communities would be facilitated by joint management of Proposition 84 and Cleanup and Abatement Account funds. An interagency agreement between the State Water Board and the Department of Public Health is currently necessary to allow such funding to be disbursed to disadvantaged communities. After the transfer, interagency agreements would no longer be necessary because the funding would be done entirely in-house.

The State Water Board would continue the existing stakeholder group that advises on Drinking Water Funding Programs and would consider whether to consolidate this advisory group with its Clean Water SRF advisory group, as suggested by Task Force members.

The *Operator Certification Program* at the Department of Public Health certifies Drinking Water Treatment and Distribution System operators in California. The Program currently

regulates over 33,500 certified operators and administers two treatment exams and two distribution exams each year for approximately 7,000 applicants. The Drinking Water Operator Certification Program annually certifies more than 4,400 operators and renews 10,000 certificates. The Drinking Water Operator Certification Program ensures through the exam and certification process that the operators have the knowledge, skills, and abilities at the appropriate level of certification. There are five levels of certification for treatment operators and five levels for distribution system operators. The Operator Certification Program has an ongoing validation process to ensure that exam questions are representative of operator duties and responsibilities. The Operator Certification Program sponsors workshops, typically attended by subject matter experts, to validate existing exam questions and to write new questions and regularly convenes a stakeholder group to advise the program.

The Operator Certification Program within the State Water Board's Division of Financial Assistance administers the Wastewater Treatment Plant Operator Certification. The Wastewater Operator Certification Program certifies all wastewater treatment plant operators in California, and currently regulates more than 5,700 certified operators and administers two exams each year. The Wastewater Operator Certification Program ensures through the exam and



certification process that operators have the knowledge, skills, and abilities at the appropriate level of certification to safely operate wastewater treatment plants. There are five levels of certification as well as classification of wastewater plants to establish the appropriate level of operator certification. The Wastewater Operator Certification Program also has a nine member advisory committee of subject matter experts that advise the program on wastewater treatment plant operator certification and training.

After the transfer, the State Water Board plans to jointly manage both Operator Certification Programs within the Division of Financial Assistance, maintaining close ties with the Division of Drinking Water. The State Water Board would continue the existing advisory groups for both Operator Certification Programs. Task Force members also favored co-managing the Operator Certification Programs.

The Drinking Water and Wastewater Operator Certification programs would benefit from efforts to improve the examination processes. The co-managed programs would evaluate the need for closer collaboration on operators at recycled water facilities. The requirement for the state to evaluate the feasibility of criteria for direct potable reuse accentuates the need to harmonize the Operator Certification Programs.

The *Drinking Water Source Assessment and Protection Program* is a federal program requiring states to assess

sources of drinking water and encouraging states to establish protection programs. The drinking water source protection program envisions a partnership among local, state, and federal agencies to ensure that the quality of drinking water sources is maintained and protected. Through a contract with the University of California, Davis Information Center for the Environment, the Drinking Water Program acquires, maintains, and analyzes drinking water-related information including sample water testing results; geographic information service water service area boundary mapping; public water system identification, characterization, and annual reporting; shared drinking water library resources, water source assessment and characterization; and public water system technical, managerial, and financial assessment. The current three-year contract expires on June 30, 2015. The Drinking Source Water Assessment and Protection Program functions would be co-located with the Groundwater Ambient Monitoring and Assessment Program and the Surface Water Ambient Monitoring Program at the State Water Board, to enhance its ability to analyze and evaluate groundwater and surface water quality. The Drinking Water Source Assessment and Protection Program would work to maintain and protect drinking water quality, and inform the Water Boards' water quality protection programs, such as the Underground Storage Tank Leak Prevention Program.



The *Environmental Laboratory Accreditation Program (ELAP)* was established by the California Environmental Laboratory Improvement Act. Under the Act, accreditation is required for any laboratory that performs analyses on a combination of environmental samples or raw or processed agricultural products for regulatory purposes.

Laboratories are required to renew their ELAP certification every two years. ELAP technical staff review applications for accreditation, conduct site visits, and prepare a report identifying any deficiencies found. The staff also conducts investigations and takes enforcement actions as warranted. Further, ELAP provides technical consultations and regulatory updates to the environmental laboratory community and furnishes information on certified laboratories to government agencies and the public. After the transfer, ELAP staff would be moved to the State Water Board, although staff would remain physically located in Richmond.

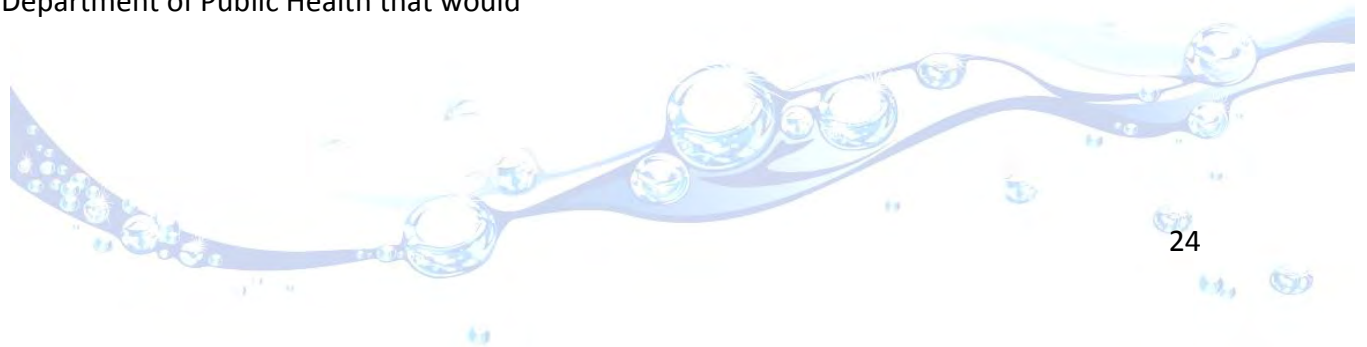
Conversely, the Department of Public Health's Drinking Water and Radiation Laboratory will not be transferred to the State Water Board. Instead, \$3.1 million of the Laboratory's General Fund appropriation would be transferred to the State Water Board. The appropriation would fund an interagency agreement between the State Water Board and the Department of Public Health that would

permit the Laboratory to continue providing services to the Drinking Water Program, including ELAP.

Administrative, Legal, and Information Technology (IT) staff necessary to support the Drinking Water Program would also be transferred.

Program Primacy

Federal law requires a single agency at the state level to carry out the federal Public Water System Supervision Program implementing the Safe Drinking Water Act. The Department of Public Health currently has been granted primacy for implementing the federal program. The Administration will work with U.S. EPA to ensure that the transfer of primacy from the Department of Public Health to the State Water Board occurs simultaneously with the transfer of the Drinking Water Division. Appropriate statutory and regulatory changes for primacy must be made to allow the U.S. EPA to approve transfer of primacy from the Department of Public Health to the State Water Board. Discussions with U.S. EPA are underway to make sure primacy is maintained. In addition, discussions with U.S. EPA are also laying the groundwork for a seamless transfer of the Safe Drinking Water SRF program from the Department of Public Health to the State Water Board. Uninterrupted regulation and funding of water systems is key to continuing to assist affected communities.



Beyond Water Program Integration

Transferring the Drinking Water Program from the Department of Public Health to the State Water Board will promote safe drinking water through more integrated water quality management, from source to tap. The Administration recognizes, however, that the state's goal of providing safe drinking water for all Californians cannot be achieved through program integration alone. Long-term challenges include building the technical, managerial, and financial capacity of small water systems serving disadvantaged communities; identifying ways to support the operations and maintenance needs of these systems; and addressing the needs of systems with fewer than 15 service connections. The Administration is committed to pursuing solutions to these challenges in partnership with the Legislature, Transition Advisory Group, affected communities, local government entities, and other stakeholders.

