

3. Finance EBR

DEPARTMENT OF FINANCE ENROLLED BILL REPORT

AMENDMENT DATE: August 20, 2010
RECOMMENDATION: Veto
SPONSOR: Planning & Conservation League, WaterReuse
ASSEMBLY: 54/21
SENATE: 25/12

BILL NUMBER: SB 918
AUTHOR: F. Pavley

BILL SUMMARY: Water Recycling

This bill would require the Department of Public Health (DPH) to adopt, by December 31, 2013, uniform water recycling criteria for indirect potable water reuse for groundwater recharge and develop and to adopt, by December 31, 2016, uniform water recycling criteria for surface water augmentation. This bill also would require these criteria to be reviewed and approved by an expert panel of six members with specific technical expertise.

This bill would require the DPH to investigate the feasibility of developing uniform water recycling criteria for direct potable reuse, and to provide a final report on that investigation, including a consideration of six specific factors related to direct potable reuse of recycled water, to the Legislature by December 31, 2016.

This bill would allow the DPH to create an advisory group on the development of direct potable reuse criteria, including at least nine representatives of water agencies, local governments, environmental organizations, public health organizations, environmental justice organizations, and the business community.

This bill would require the State Water Resources Control Board (SWRCB) to enter into an agreement with the DPH to assist in implementing the water recycling criteria provisions.

This bill would require that the DPH, in collaboration with the SWRCB, provide a written report to the Legislature each year from 2011 through 2016 (as part of the annual budget process) on the progress of developing and adopting uniform water recycling criteria. This reporting requirement would end January 1, 2017.

This bill would require that funds generated from penalty fees for violations of water quality requirements deposited in the Waste Discharge Permit Fund (WDPF) be made available, upon appropriation by the Legislature, to the SWRCB for purposes of assisting with the development and adoption of the water recycling criteria.

FISCAL SUMMARY

The DPH estimates costs of approximately \$500,000 per year to hire additional staff to cover the workload generated by the requirements of this bill. According to the DPH it would take six years for 1.0 Senior Sanitary Engineer to develop regulations for indirect potable reuse, based on previous experience with similar projects. In addition, the DPH would need 1.0 Staff Services Manager I (Specialist) in the Office of Regulations for four years to oversee the processing of the criteria as regulations.

For the development of the direct potable reuse legislative report, the DPH estimates it would take six years for 1.0 Senior Sanitary Engineer to investigate and write the report, as well as oversee the expert panel and advisory group. Additionally, the DPH would contract support to administer and facilitate the expert panel and advisory group. The DPH would also require 0.5 Sanitary Engineer working for four years to assist in the final preparation of the report.

Analyst/Principal	Date	Program Budget Manager	Date
(0523) C. Castaneda		Lisa Ann L. Mangat	
<i>Carla Castaneda</i>	<i>9/13/10</i>	<i>Lisa Ann L. Mangat</i>	<i>9/13/10</i>

Department Director	Date
<i>[Signature]</i>	<i>9/14/10</i>

F. Pavley

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Although this bill would allow its provisions to be funded with the WDPF, this fund is not projected to have a sufficient balance for this purpose. As such, this bill's costs could require fee increases or General Fund support.

COMMENTS

The Department of Finance recommends this bill be vetoed as it would likely result in additional costs to the General Fund as the appropriation from penalty fees in the WDPF may not be able to support the additional costs of this bill.

Penalty fees are intended to ameliorate or provide oversight of the problem for which the penalty was issued. This bill could limit the extent to which violations are corrected by directing revenue to water recycling criteria. If penalty revenue cannot fully fund the SWRCB and DPH activities required by this bill, the WDPF would be redirected for these purposes. The additional workload may result in a fee increase.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO	PROP	2010-2011		2011-2012		2012-2013			
RV	98	FC	FC	FC	FC	FC	FC	FC		
4265/PublicHealth	SO	No	-----	See Fiscal Summary	-----				0193	
4265/PublicHealth	SO	No	C	\$0	C	\$500	C	\$500	0001	
3940/SWRCB	SO	No	-----	See Fiscal Summary	-----				0193	
<u>Fund Code</u>	<u>Title</u>									
0001	General Fund									
0193	Waste Discharge Permit Fund									

SUGGESTED VETO MESSAGE

SB 918

(as amended June 1, 2010)

I am returning Senate Bill No. 918 without my signature.

This bill would require the Department of Public Health (DPH) and the State Water Resources Control Board (SWRCB) to enter into an agreement to develop and implement uniform water recycling criteria for indirect potable water reuse for groundwater recharge by December 31, 2013 and surface water augmentation by December 31, 2016.

While I support water recycling, fulfilling the requirements of this bill could result in costs to the General Fund if penalties do not provide sufficient revenues for this purpose.

For this reason, I am unable to sign this bill.