

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2007-0068

**AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH THE UNIVERSITY OF
CALIFORNIA REGENTS TO FACILITATE A TASK FORCE, DEVELOP WATER RECYCLING
ECONOMIC ANALYSIS GUIDANCE, AND CONDUCT A COST SHARE EVALUATION**

WHEREAS:

1. The Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (2000 Bond Law) established the Water Recycling Subaccount, and authorizes the State Water Resources Control Board (State Water Board) to use a portion of it to fund water recycling research.
2. The University of California at Davis (UCD), an educational non-profit public benefit institution, is one of the preeminent research organizations. The UCD Extension, Center for Cooperative Solutions (Common Ground) is a demonstrated leader in facilitation services specializing in intergovernmental issues. The UCD Department of Civil and Environmental Engineering and the UCD Department of Agricultural and Resource Economics are both nationally recognized for their work in the integration of water resource management and environmental and natural resource economics.
3. One key challenge for water recycling projects is that the financial analysis of such projects may often appear unfavorable, even though there may be total project benefits that outweigh the project's costs. An economic analysis can provide a suitable benefit-cost perspective for considering if a water recycling project is worth the expense to society as a whole. Additionally, by defining all potential benefits of a project, identifying all project beneficiaries, and allocating costs accordingly, there is opportunity for providing broader financial participation in projects, thus encouraging more water recycling.
4. The CALFED Bay-Delta Programmatic Record of Decision (ROD) included a goal to accelerate the implementation of cost-effective water use efficiency measures. The ROD recognizes that significant investments in water use efficiency, including water recycling, will be necessary to address water supply demands. The ROD recognizes that any investments in water use efficiency measures would need to consider that some projects might not be cost-effective when viewed solely from a local perspective, but might be cost-effective when viewed from a statewide perspective.
5. The 2002 Recycled Water Task Force (Recycled Water Task Force) Report, which was submitted to the Legislature in 2003, contained a number of recommendations to guide the Legislature, State government, public agencies, and other stakeholders in efforts to increase the safe use of recycled water. To address challenges in justifying water recycling projects from an economic perspective, the Recycled Water Task Force recommended developing a uniform economic analysis framework and methodology across all funding agencies (recommendation 5.1.1). Specifically, the Recycled Water Task Force recommended developing a guidance document on economic analysis and developing a mechanism for distributing funding burden of projects between beneficiaries based on allocation of project benefits and costs.

6. On January 18, 2007, the Division of Financial Assistance (Division) approved the Water Recycling Funding Program (WRFP) Performance Plan for calendar years 2007 and 2008 (Performance Plan). The Performance Plan identifies several key strategic projects that, if implemented, can support our efforts of increasing the State water supply by promoting and funding economically feasible water recycling projects. Specifically, the Performance Plan calls for the Water Recycling Funding Program (WRFP) to develop guidance to establish a framework and methodology for applicants to follow when conducting economic analysis of potential water recycling projects. In addition, the Performance Plan calls for the WRFP to develop a framework to allocate costs according to project beneficiaries, and a methodology to incorporate this concept into State cost share determination for the WRFP.

THEREFORE BE IT RESOLVED THAT:

1. The State Water Board authorizes the Executive Director, Chief Deputy Director, Deputy Director of the Division, or designee to negotiate, execute, and amend an agreement with the University of California Regents to facilitate an Economic Analysis Task Force, develop an economic analysis guidance, and conduct a cost share evaluation for a total amount not to exceed \$300,000.
2. The State Water Board authorizes the Executive Director, Chief Deputy Director, Deputy Director of the Division, or designee to perform all acts and to do all things necessary and convenient to implement such an agreement.

CERTIFICATION

The undersigned, Acting Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on December 4, 2007.

AYE: Tam M. Doduc
 Gary Wolff, P.E., Ph.D.
 Arthur G. Baggett, Jr.
 Charles R. Hoppin
 Frances Spivy-Weber

NO: None

ABSTAIN: None



Jeanine Townsend
Acting Clerk to the Board