

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
MAY 7, 2013**

ITEM 6

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION TO MAKE CHANGES TO THE STATE WATER RESOURCES CONTROL BOARD (STATE WATER BOARD) CLEANUP AND ABATEMENT ACCOUNT (CAA) MANAGEMENT AND REQUESTS FOR FUNDING

DISCUSSION

The Division of Financial Assistance (Division) is requesting that the State Water Board increase the Division Deputy Director's authority to approve funding requests to the Cleanup and Abatement Account (CAA) up to and including \$250,000. The Division is also requesting to make other changes to current management practices to conform with current policies and procedures within the Division.

The existing practice is to send all funding requests exceeding \$100,000, other than emergencies, to the Board for approval. Over the last three years, the Division has taken 20 out of total 23 CAA projects (89 percent) to the Board as uncontested items for funding consideration. Increasing the delegation amount to \$250,000 would reduce the burden on the Board to consider small funding requests that are routine and non-controversial. The public would experience faster processing times and better customer service, allowing projects that improve water quality to be implemented more quickly. The increased delegation authority would still require the Deputy Director to present non-routine or controversial funding requests to the Board for consideration.

To achieve cost control over the applications submitted at the increased delegation amount, the Division would require a more detailed budget and scope of all CAA applicants. The detailed budget and scope would help ensure that costs and rates are reasonable and justifiable for the type of cleanup proposed and are directly related to the project.

The CAA was created by Water Code Sections 13440-13443. The CAA is funded by all monies: (a) appropriated by the Legislature; (b) contributed to the CAA by any person and accepted by the State Water Board; (c) collected as part of criminal penalties and all monies collected civilly under any proceeding brought pursuant to any provision of Division 7 of the California Water Code; and (d) recovered pursuant to Water Code section 13304.

The Division is charged with ongoing management of the CAA as outlined in Administrative Procedures Manual (APM) Chapter 4.4. The Division's Deputy Director is authorized to approve funding requests for up to (and including) \$100,000. In addition, the Division reviews both emergency and non-emergency requests for acceptability, determines whether the CAA has sufficient funds to pay project costs, presents recommendations to the Board, and approves all invoices for payments from the CAA. For requests above \$100,000, the Division reviews the agency request and makes funding recommendations to the Board. The Board considers these requests at Board meetings.

The CAA balance is reduced when projects are funded, and increased when fines and penalties are collected. Since program inception, funding has been authorized for 140 projects for a total of \$89.5 million. From Fiscal Year (FY) 1995-96 to FY 2011-12, the CAA's annual fine and penalty receipts averaged \$6.4 million.

The Division's current practice is to maintain a \$3 million reserve to cover the costs of responding to disasters or large emergencies.

For efficient management of the CAA, there is a need for regular reporting of expenditures and public posting of funded projects. The Division currently posts a list on its website of all projects that were approved for funding from CAA during the previous year; this posting is done on an annual basis. The Division of Administrative Services (DAS) continues to supply quarterly reports on CAA expenditures and balances for funded projects.

The Division continues to request that eligible applicants submit a Regional Board concurring resolution for all projects.

These current and continuing practices are included in the resolution.

In 2002, the State Water Board delegated the authority to approve requests for CAA funds for all projects up to \$100,000 to the Chief of the Division of Clean Water Programs [in Resolution No. 2002-0060](#).

POLICY USE

Should the State Water Board:

1. Increase the authority of the Division's Deputy Director to approve funding requests to CAA up to and including \$250,000?
2. Require Applicants requesting CAA funds to submit a detailed budget and scope?
3. Require the Division to continue to annually post a list of all CAA-funded projects from the previous year?
4. Require the Division to continue to request that eligible applicants submit a Regional Board concurring resolution for all projects?
5. Require the State Water Resources Control Board to maintain a \$3 million reserve to cover the costs of responding to disasters or large emergencies?
6. Adopt this resolution which will supersede Resolution No. 2002-0060?

FISCAL IMPACT

The current uncommitted CAA balance is estimated to be no less than \$8 million.

REGIONAL WATER BOARD IMPACT

None.

STAFF RECOMMENDATION

The State Water Board should adopt the proposed Resolution.

State Water Board action on this item will assist the Water Boards in reaching Goal 2 of the Strategic Plan Update: 2008-2012, to improve and protect groundwater quality in high-use basins by 2030.

DRAFT

STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2013-

MAKE CHANGES TO THE STATE WATER RESOURCES CONTROL BOARD (STATE WATER BOARD) CLEANUP AND ABATEMENT ACCOUNT (CAA) MANAGEMENT AND REQUESTS FOR FUNDING

WHEREAS:

1. In 2002, the State Water Board delegated the authority to approve requests for CAA funds for all projects up to \$100,000 to the Chief of the Division of Clean Water Programs and made other changes to the management of the CAA in [Resolution No. 2002-0060](#);
- 2.
3. The existing practice is to send all funding requests exceeding \$100,000, other than emergencies, to the Board for approval;
4. Increasing the delegation amount to (and including) \$250,000 would reduce the burden on the Board to consider small funding requests that are routine and non-controversial;
5. The increased delegation authority would still require the Deputy Director to present non-routine or controversial funding requests to the Board for consideration;
6. The public would experience faster processing times and better customer service, allowing projects that improve water quality to be implemented more quickly;
7. This resolution would require applicants to submit a detailed budget and scope of work to ensure submitted budgets include reasonable and justifiable costs for the type of cleanup and abatement project proposed;
8. For efficient management of CAA, there is a need for regular reporting and public posting of funded projects; and
9. The Division requests that eligible applicants submit a Regional Board concurring resolution for all projects.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Increases the authority of the Division's Deputy Director to approve funding requests to CAA up to and including \$250,000.
2. Requires Applicants requesting CAA funds to submit a detailed budget and scope of work.
3. Requires the Division to continue to annually post a list of all CAA-funded projects from the previous year.
4. Requires the Division to continue to request that eligible applicants submit a Regional Board concurring resolution for all projects.

D R A F T

5. Requires the State Water Resources Control Board to maintain a \$3 million reserve to cover the costs of responding to disasters or large emergencies.
6. Adopts this resolution which will supersede Resolution No. 2002-0060.

CERTIFICATION

The undersigned, 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 Board held on May 7, 2013.

Jeanine Townsend
Clerk to the Board