

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
JUNE 16, 2015**

**ITEM 6**

**SUBJECT**

CONSIDERATION OF A RESOLUTION TO AMEND THE WATER RECYCLING FUNDING PROGRAM (WRFP) GUIDELINES (GUIDELINES) TO IMPLEMENT PROPOSITION 1 (2014 BOND LAW) RECYCLED WATER PROJECT FUNDING

**DISCUSSION**

Proposition 1, the *Water Quality, Supply, and Infrastructure Improvement Act of 2014* (Assembly Bill 1471, Rendon), a ballot measure on the November 4, 2014 statewide election, authorized \$7.545 billion in general obligation bonds for water projects. Section 79765 of the Water Code (WC) allocates \$725 million for grants or low interest loans for water recycling and desalination projects.

The Governor's State Fiscal Year (SFY) 2015/2016 budget, released January 10, 2015, proposed that \$130 million be appropriated to the State Water Resources Control Board (State Water Board) for water recycling projects. Assembly Bill 91, signed by the Governor on March 27, 2015, accelerated the proposed SFY 2015/2016 funding to make these funds available in the current 2014/2015 state budget.

The Division of Financial Assistance (Division) proposes to administer the Proposition 1 water recycling funding through its WRFP. The Proposition 1 funds would be combined with existing bond funds and the Clean Water State Revolving Fund to provide the best possible funding packages for the maximum number of water recycling projects.

The State Water Board last amended the Guidelines on July 15, 2008. Division staff updated the Guidelines to incorporate Proposition 1 requirements, make process improvements, and ensure that the WRFP's requirements and processes align with the Division's other water recycling funding sources.

The Division posted the draft amended Guidelines on its website March 12, 2015. Consistent with Section 79706(b) of the WC, the draft amended Guidelines were posted at least 30 days prior to staff conducting three public meetings as required by Proposition 1. The three public meetings were held April 14, April 16, and April 21, 2015. Public comments on the draft amended Guidelines were due April 24, 2015.

After tabulating and analyzing the public comments, staff made changes to the March 12, 2015 draft to address the public comments. [Exhibit A](#) is a strikeout/underline version of the draft amended Guidelines showing staff's proposed changes relative to the March 12, 2015 draft. It uses the following color-coding system (Microsoft Word's Track Changes tool) to indicate original text, deletions, and new text:

Proposed Text (no change): Black;  
Deleted Text: Red (with strike-through text); and  
New Text: Red and underlined

[Exhibit B](#) is a clean version of the amended Guidelines showing how the Guidelines would read if all of the changes suggested by staff are approved by the State Water Board.

[Exhibit C](#) is a tabulation of the public comments received on the March 12, 2015 draft Guidelines and the staff's responses to the comments.

### **FISCAL IMPACT**

The administrative costs of implementing Proposition 1 water recycling funding will be paid by the 5 percent allocation of funds from Proposition 1.

The availability of Proposition 1 water recycling grants and low interest loans will significantly improve the economic viability of water recycling projects throughout California.

Applicants applying for Proposition 1 water recycling funding may incur additional capital acquisition costs; however, these additional costs should be more than offset by the additional subsidy provided by Proposition 1 grant and low interest loan funding.

### **REGIONAL BOARD IMPACT**

The amended WRFPP Guidelines will enable the Division to fund additional recycled water projects with Proposition 1 funds. The subsidized funding will help local public agencies and other eligible applicants comply with Regional Water Quality Control Boards' recycled water discharge requirements and increase the sustainability of state and local water supplies.

### **HUMAN RIGHT TO WATER ANALYSIS**

Division Staff have considered Section 106.3 of the Water Code. This proposed action supports the Human Right to Water because it will help augment the state's water supply. Using recycled wastewater in place of fresh water supplies will free up those sources for safe drinking water applications.

### **POLICY ISSUE**

Should the State Water Board adopt the amended Water Recycling Funding Program Guidelines?

### **STAFF RECOMMENDATION**

The State Water Board should adopt the amended Water Recycling Funding Program Guidelines.

<p>State Water Board action on this item will assist the Water Boards in reaching Goal 3 of the Strategic Plan Update: 2008-2012 to increase sustainable local water supplies available for meeting existing and future beneficial uses by 1,725,000 acre-feet per year, in excess of 2002 levels, by 2015, and ensure adequate flows for fish and wildlife habitat.</p>
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# DRAFT

## STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2015-

### AMEND THE WATER RECYCLING FUNDING PROGRAM (WRFP) GUIDELINES (GUIDELINES) TO IMPLEMENT PROPOSITION 1 (2014 BOND LAW) RECYCLED WATER PROJECT FUNDING

#### WHEREAS:

1. On November 4, 2014, the voters approved Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, and Proposition 1 allocates \$725 million for grants or low interest loans for water recycling and desalination projects;
2. Assembly Bill 91, signed by the Governor on March 27, 2015, accelerated Proposition 1 funding to make water recycling funds available in the current year's, 2014/2015, state budget to address the drought;
3. The Division of Financial Assistance (Division) proposes to administer Proposition 1 water recycling funding through its WRFP, and the State Water Resources Control Board (State Water Board) last amended the WRFP Guidelines on July 15, 2008;
4. Division staff updated the WRFP Guidelines to incorporate Proposition 1 requirements, make process improvements, and ensure that the WRFP's requirements and processes align with the Division's other water recycling funding sources;
5. The Division, consistent with Proposition 1, posted the draft amended Guidelines on its website for public comment March 12, 2015 and conducted three public meetings on April 14, April 16, and April 21, 2015, to receive public comments on the draft amended Guidelines; and
6. The Division addressed public comments received by the comment deadline, April 24, 2015, and prepared a clean version of the amended Guidelines, [Exhibit B](#), for the State Water Board's consideration.

#### THEREFORE BE IT RESOLVED THAT:

The State Water Board approves the amended WRFP Guidelines.

#### 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 June 16, 2015.

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Jeanine Townsend  
Clerk to the Board