

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
JANUARY 5, 2016**

ITEM 2

SUBJECT

CONSIDERATION OF A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OR DESIGNEE TO BUDGET AND COMMIT A PORTION OF THE DRINKING WATER STATE REVOLVING FUND (DWSRF) LOCAL ASSISTANCE SET- ASIDE FOR PHASE 1 FUNDING OF THE WATER LOSS CONTROL COLLABORATIVE

DISCUSSION

The State Water Resources Control Board (State Water Board) provides low-interest financing and principal forgiveness through its DWSRF program to public drinking water systems for planning and construction of related projects throughout California. Additionally, a portion of the annual DWSRF capitalization grant from the United States Environmental Protection Agency (U.S. EPA) is available through the Local Assistance set-aside to support program administration and capacity development activities, and to provide technical assistance.

Senate Bill 555, approved by the Governor on October 9, 2015, effective January 1, 2016, added Section 10608.34 to the Water Code requiring each urban water retail supplier, on or before October 1, 2017, and on or before October 1st of each year thereafter, to submit a completed and validated water loss audit report for the previous calendar or previous fiscal year as prescribed by the rules adopted by the Department of Water Resources on or before January 1, 2017.

This section also requires the State Water Board to contribute up to four hundred thousand dollars (\$400,000) towards procuring water loss audit report validation assistance for urban retail water suppliers. Currently, this amount is designated to be funded under the DWSRF Local Assistance set-aside.

In addition to the \$400,000, an estimated \$2,815,756 is needed for Phase 1 implementation of the Water Loss Control Collaborative, a statewide water loss control program that has been proposed and will be led by the California-Nevada Section, American Water Works Association (CA-NV AWWA). Phase 1 implementation is estimated to occur over a consecutive three (3) year period and involve approximately 460 urban water retail suppliers. This additional funding is anticipated to be available for this purpose from the DWSRF Local Assistance set-aside and can be budgeted accordingly over multiple federal capitalization grants, assuming continued receipt of federal funding that may be used for this purpose.

The State of Georgia has recently undertaken a similar effort. Based on Georgia's results, it is anticipated that substantial amounts of non-revenue water could be identified and saved – thus making utilities more efficient and the state's water management system more resilient.

CA-NV AWWA will continue the Water Loss Control Collaborative effort for future years with membership support.

POLICY ISSUE

Should the State Water Board authorize the Executive Director or designee to budget and commit DWSRF Local Assistance set-aside funding from the next three years' federal capitalization grants to fund Phase 1 implementation of a Water Loss Control Collaborative?

FISCAL IMPACT

Contracts or grants will be funded from the DWSRF Local Assistance set-asides. Use of the Local Assistance set-asides will reduce the amount of project financing available to water systems for planning and/or construction projects.

This program may result in increased demand for DWSRF financing as water systems identify infrastructure deficiencies and apply for DWSRF funding to mitigate current and future water loss.

REGIONAL BOARD/DISTRICT OFFICE IMPACT

From a public health and water conservation perspective, providing funding for Phase 1 implementation of the Water Loss Control Collaborative will allow urban water retail suppliers to realize potential infrastructure deficiencies resulting in substantial water loss. This in turn will allow such water retailers to target infrastructure improvement projects aimed at reducing non-revenue water loss and support the state's water management system making it more resilient.

HUMAN RIGHT TO WATER ANALYSIS

Staff has considered Section 106.3 of the Water Code (added by Assembly Bill 685 [Stats. 2012, ch. 524]). This proposed action supports the Human Right to Water because it will assist public water systems serving communities in obtaining valuable training and in potentially identifying water losses that result in lost revenue, increased water rates, and potential health impacts.

STAFF RECOMMENDATION

The State Water Board should authorize the Executive Director or designee to budget and commit DWSRF Local Assistance set-aside funding from federal capitalization grants to fund Phase 1 implementation of a Water Loss Control Collaborative.

DRAFT

STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2016-

AUTHORIZING THE EXECUTIVE DIRECTOR OR DESIGNEE OF THE STATE WATER RESOURCES CONTROL BOARD (STATE WATER BOARD) TO BUDGET AND COMMIT A PORTION OF CURRENT AND FUTURE DRINKING WATER STATE REVOLVING FUND (DWSRF) LOCAL ASSISTANCE SET- ASIDES FOR PHASE 1 FUNDING OF THE WATER LOSS CONTROL COLLABORATIVE

WHEREAS:

1. The Governor signed Senate Bill 555, on October 9, 2015, adding Section 10608.34 to the Water Code;
2. This section requires each urban water retail supplier to submit annually, beginning October 1, 2017, a completed and validated water loss audit report for the previous calendar or fiscal year under rules to be adopted by the Department of Water Resources by January 1, 2017;
3. This section also directs and authorizes the State Water Board to contribute up to four hundred thousand dollars (\$400,000) towards procuring water loss audit report validation assistance for urban retail water suppliers;
4. An additional \$2,815,756 is needed to implement Phase 1 of the Water Loss Control Collaborative, a statewide water loss control program to be led by the California-Nevada Section, American Water Works Association (CA-NV AWWA);
5. Providing funding for procuring water loss audit report validation assistance for urban retail water suppliers and implementation of Phase 1 of the Water Loss Control Collaborative furthers the goal of improving technical, managerial, and financial capacity of public water systems, as set forth in the capacity development strategy;
6. Local assistance set-aside funding from the current and anticipated federal DWSRF capitalization grants is projected to be available to assist with implementation of Phase 1 of the Water Loss Control Collaborative and procuring water loss audit report validation assistance for urban retail water suppliers;
7. Implementation of Phase 1 effort will take place over a three (3) year period and will involve approximately 460 urban water retail suppliers; and
8. The CA-NV AWWA has indicated that it will continue the Water Loss Control Collaborative effort for future phases using its membership funds.

D R A F T

THEREFORE BE IT RESOLVED THAT:

The Executive Director or designee may commit up to \$3,215,756 from DWSRF Local Assistance set-aside funds to support Phase 1 of the Water Loss Control Collaborative, conditioned on receipt of sufficient amounts that may be used for these purposes in the federal capitalization grant during the Phase 1 implementation period, with up to \$400,000 of this amount used for procuring water loss audit report validation assistance for urban retail water suppliers and the remaining amount for other Phase 1 uses.

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 Resources Control Board held on January 5, 2016

Jeanine Townsend
Clerk to the Board