

## **Workplan for Resource Alignment Phase 2 Evaluating Opportunities for Reducing the Costs of Compliance**

**Objective:** Identify opportunities to reduce the costs of compliance for dischargers subject to Water Board regulation and oversight. Maximize utility/benefit arising from discharger compliance actions, including benefits to the regulated community and to the environment at large.

**Background:** In April 2012, the State Water Board completed a report assessing and aligning priorities, resources, and performance targets (Resource Alignment Report). As requested by the State Water Board, this workplan presents a series of proposed actions to compliment and follow-up on the information contained in the April 2012 Resource Alignment Report. This workplan focuses on assessing opportunities for reducing the costs of compliance for dischargers subject to Water Board regulation under the NPDES wastewater, stormwater, irrigated lands, and waste discharge requirement programs.

Information and participation from the regulated community will be needed to successfully assess costs of compliance and identify potential options for reducing these costs. Likewise the legality and feasibility of potential cost saving options will need to be evaluated by the Water Boards. This workplan lays out a set of tasks to be carried out jointly by both the Water Boards and cooperating stakeholders. The workplan was developed with input from a small group of stakeholder primarily representing wastewater and stormwater interests. Additional input was solicited during the June 15, 2012 Water Quality Fee Stakeholder meeting and the workplan is predicated on broader stakeholder involvement moving forward. Once additional stakeholders are engaged, the approach and tasks described in this workplan may be modified to better fit the needs of other discharger sectors (e.g., irrigated lands, waste discharges to land).

### **Tasks:**

1. Establish stakeholder teams representing NPDES wastewater, stormwater, agricultural, and land-based dischargers (WDR program). The stakeholder teams will gather and validate data on compliance costs, the opportunities to reduce these costs, and help set priorities for assessing and possibly implementing viable cost saving measures.

**Completion Date:** Sep 30, 2012

2. Establish a Water Board workgroup consisting of State and Regional Water Board staff to ensure State and Regional Board input and perspective is incorporated into the evaluation of any measures that are identified to reduce costs or enhance benefits. State and Regional Board input is needed to ensure proposed measures are feasible from both a regulatory and workload perspective.

**Completion Date:** Sep 30, 2012

3. Staff and stakeholder team(s) will develop a method for classifying homogenous categories of dischargers and defining their associated compliance costs relative to their total costs. Different types and sizes of discharges will likely have varying cost sensitivities to different compliance requirements. For example, the cost of implementing monitoring requirements could comprise a substantial portion of a small municipal discharger's budget, while these same requirements may have less financial significance to a larger discharger. Therefore, classifications of dischargers by size, sector, and other relevant factors will allow for identification of the highest relative costs of various compliance actions within each group.

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**Completion Date:** Oct 31, 2012

4. Staff will meet with stakeholder team(s) to identify an initial list of compliance activities associated with each category of discharger where costs should be evaluated. Some examples could include costs associated with:
  - a. Monitoring requirements;
  - b. Reporting frequencies;
  - c. Preparing special studies needed to demonstrate compliance with Basin Plans and other policies;
  - d. Training/certification requirements included in permits; and
  - e. Preparation of plans and other special studies required as permit conditions.
  - f. Permitting fees

**Completion Date:** Dec 15, 2012

5. Staff will examine compliance activities and recommend removal of those for which flexibility does not exist under State or federal law and regulations.

**Completion Date:** Jan 15, 2013

6. Stakeholder team(s) will document costs for the remaining activities. These costs should include costs associated with specific compliance requirements and total costs. Costs may need to be based on a representative sample for each discharger category defined in task 3 or based on industry standards if specific cost information is not available for a given compliance activity.

**Completion Date:** Mar 31, 2013

7. Staff will solicit input from stakeholder team(s) on cost saving approaches/ideas and develop a straightforward method to quantify potential costs savings. Staff will also work with stakeholder team(s) to determine if compliance requirements could be modified to increase the utility of the information generated or actions taken by dischargers in response to Water Board regulation.

**Completion Date:** Mar 31, 2013

8. Staff will work with stakeholder team(s) to review costs and develop sector/category specific priorities to be evaluated in more detail. Staff will assess and document the water quality control tradeoffs that may arise from reducing compliance requirements that are identified as having a high potential for cost savings. Stakeholder may provide more detailed cost information for these higher priority compliance actions.

**Completion Date:** Apr 30, 2013

9. Staff will prepare a report documenting the process and a list of recommendations for implementation of potential costs saving measures and/or opportunities to increase the marginal utility of information collected as a result of compliance. Deliverables may include:

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- a. A library of reference compliance costs.
- b. Identification of cost outliers.
- c. Guidance on how compliance costs should be considered in decision making.
- d. A prioritized list of future permitting or planning process changes that could lead to cost savings.
- e. List of potential short-term compliance requirement changes that would result in cost savings.
- f. A prioritized list of Basin Planning updates that could lead to cost savings.
- g. A model for which additional costs of compliance can be quantified and documented in the future.
- h. Identification and evaluation of any variability in regulatory conditions and approaches for different types of dischargers.

**Completion Date:** Jun 30, 2013

**Ground Rules:**

- 1. Cost information should be transparent.
- 2. Quantitative information is needed to support theory and ensure the most important issues are prioritized.
- 3. Measures must be legal and not inhibit the Water Board’s ability to protect water quality.
- 4. This effort will not be a cost benefit analysis (e.g. an evaluation of the cost of compliance measures versus the benefit to the environment).
- 5. Longer term more challenging ideas will not impede progress moving forward with achievable short-term measures. Likewise, progress in one sector should not be delayed by other sectors.

**Table 1: Schedule and Responsibilities**

<b>Task #</b>	<b>Description</b>	<b>Due Date</b>	<b>Lead</b>
--	State Water Board Considers Workplan	8/21/2012	WB
1	Establish Stakeholder Teams	9/30/2012	WB, ST
2	Establish Water Board Work Group	9/30/2012	WB
3	Define Discharger Categories	10/31/2012	WB, ST
4	Develop Initial list of Compliance Activities to be Evaluated	12/15/2012	ST
5	Identify Compliance Activities to be Removed From Consideration	1/15/2013	WB
6	Document Current Costs of Compliance for Remaining Activities	3/31/2013	ST
7	Solicit Ideas on Savings Measures and Document Potential Cost Reductions	3/31/2013	WB, ST
8	Identify Most Promising/Highest Priority Measures	4/30/2013	WB, ST
9	Prepare Draft Report	6/30/2013	WB
--	State Water Board Considers Draft Report	7/30/2013	WB
<i>WB=Water Boards, ST=Stakeholder Team</i>			