

# DRINKING WATER PROGRAM TRANSFER REPORT

**JULY 7, 2015**

**E**xecutive Summary – California policy declares that every human being has the right to clean, affordable and accessible water adequate for human consumption, cooking, and sanitary purposes [Assembly Bill 685 (Eng, Chapter 524, Statutes of 2012)].

In January 2014, Governor Edmund G. Brown Jr. released the [California Water Action Plan](#), which included the goal of consolidating water quality programs to achieve broader program efficiencies and synergies that will best position the state to respond to existing and future challenges. Also in January 2014, the Governor's budget proposed aligning the state's drinking water and water quality programs in an integrated organizational structure to best position the state to both effectively protect water quality and the public health as it relates to water quality, while meeting current needs and future demands on water supplies. This alignment was achieved by transferring the Drinking Water Program from the California Department of Public Health to the State Water Resources Control Board (State Water Board) on July 1, 2014 through enactment of the Fiscal Year 2014-2015 budget.

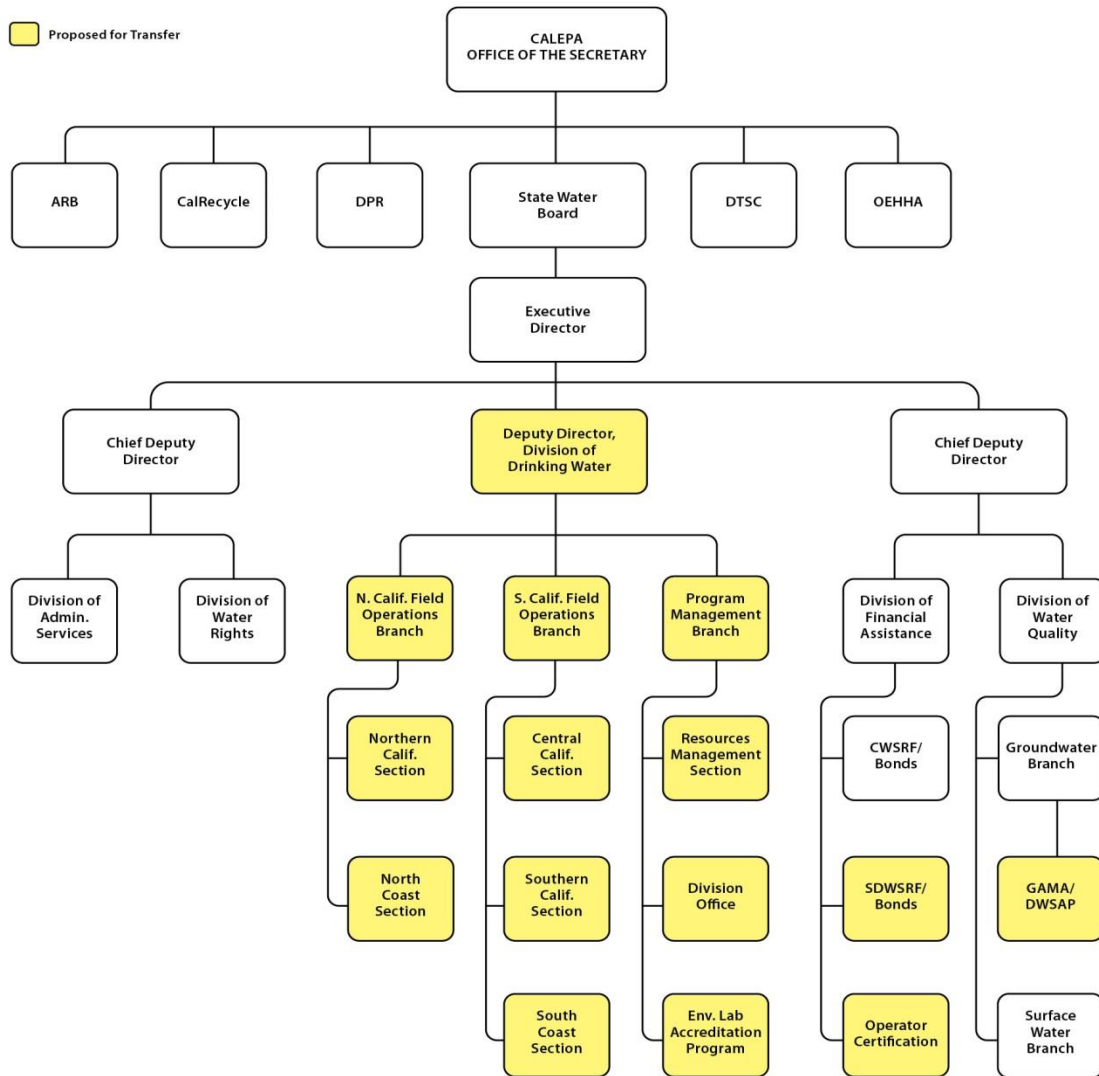
Transferring the Drinking Water Program aligned the state's water quality programs in an organizational structure with goals to:

- 1) consolidate all water quality regulation throughout the hydrologic cycle to protect public health and promote comprehensive water quality protection for drinking water, irrigation, industrial, and other beneficial uses;
- 2) maximize the efficiency and effectiveness of drinking water, groundwater and water quality programs by organizing them in a single agency whose primary mission is to protect water quality for beneficial uses, including the protection and preservation of public and environmental health;
- 3) continue focused attention on providing technical and financial assistance to small, disadvantaged communities to address their drinking water needs;
- 4) consolidate financial assistance programs into a single state agency that is focused on protecting and restoring California water quality, protecting public health, and supporting communities in meeting their water infrastructure needs;
- 5) establish a one-stop agency for financing water quality and supply infrastructure projects;
- 6) enhance water recycling, a state goal, through integrated water quality management; and
- 7) promote a comprehensive approach to communities' strategies for drinking water, wastewater, water recycling, pollution prevention, desalination, and storm water.

Implementation of the Governor's drought Executive Orders and emergency drought legislation provided additional water program alignment benefits.

As a result of the transfer, the State Water Board is now singularly accountable for integrated water quality program implementation, and has successfully integrated the Drinking Water Program to be best positioned to achieve the goals listed above.

## ORGANIZATIONAL STRUCTURE OF DRINKING WATER PROGRAM



**Specifics of Transfer** – On July 1, 2014 with enactment of the Fiscal Year 2014 - 2015 Budget, the Drinking Water Program was transferred from the California Department of Public Health to the State Water Resources Control Board. The transfer occurred as outlined in the [Transition Plan](#). Under sponsorship of the Governor's Office, the State Water Board and California Department of Public Health staff undertook and successfully completed a significant effort to plan and execute all logistics of the program transfer. Specific administrative activities are described below under “Administrative, Legal, and Information Technology.”

**Division of Drinking Water (DDW)** – The Drinking Water regulatory program was created as the Division of Drinking Water (DDW) within the State Water Board. The critically-important district office-based regulatory oversight of public water systems continued smoothly.

DDW's priorities include: Curtailment Compliance Orders with the Division of Water Rights, Arsenic Compliance Orders, Local Primacy Agency Program Oversight/Data Submission, Disadvantaged Community Assistance, Safe Drinking Water Plan Implementation, Small Water System Program Plan Implementation, Regulation Adoption, and collaboration with other State Water Board Divisions and with the Regional Water Quality Control Boards (Regional Water Boards).

In February, the Board convened Regional Water Board and Division of Drinking Water cross-training, which was very well attended and informed Water Board staff statewide on each others' responsibilities and functions. Interaction among the new Division and the Water Boards' existing programs continues to grow over time.



**Deputy Director** – On July 1, the State Water Board hired a new Deputy Director with decades of public health and drinking water expertise to lead the program at the State Water Board. The Board, at its previous meeting in June 2014, delegated to the

Deputy Director the authority to approve permits and perform other functions, ensuring that these functions continued without interruption. Existing positions were reorganized so that a Program Management Branch chief could provide oversight of statewide drinking water functions at the State Water Board; this position was filled promptly. Seamless implementation of the program under the new leadership has been widely acclaimed.

**Local Primacy Agencies (LPAs)** – The State Water Board has continued to partner with the LPAs to implement the program. The annual LPA conference was held in May 2015. Working together, the agencies are tackling the issue of small systems that often lack technical, managerial, and financial capacity.

**Maximum Contaminant Levels (MCLs)** – The DDW is implementing the hexavalent chromium MCL that was adopted immediately prior to transfer. Under the Program Management Branch, development of future regulations, including MCLs, is proceeding although constrained by available resources.

**Emergency Response** – An Emergency Response Memorandum of Understanding between the State Water Board and the California Department of Public Health was in place in June 2014, prior to transfer. The Division of Drinking Water responded rapidly and appropriately after the magnitude 6.0 Napa earthquake occurred, seven weeks after program transfer. DDW personnel were on the ground and responding in Napa almost immediately after the earthquake.

**Memoranda of Understanding (MOU)** – The Recycled Water MOU between the California Department of Public Health and the Water Boards is no longer needed with the transfer, however the recycled water coordination elements of the MOU continue. Agreements with the California Department of Public Health for Laboratory Services, Food and Drug Branch, and Fluoridation are in place.

**Board Structure** – The Board structure has provided increased transparency and opportunity for public engagement on the drinking water program. On July 2, 2014, the Board heard an Information Item to present the program transfer, introduce the new Deputy Director, and welcome drinking water program staff statewide. Members of the public testified and provided input on the transfer.

Later the Water Boards' mission statement was revised to include the drinking water program. In March 2015, The State Water Board heard an Information Item on the Human Right to Water.

The Board holds regular DDW Information Items, again allowing for public testimony. In addition, DDW regularly updates the [Executive Director Reports](#). State Water Board Members continue to demonstrate their support for and vital interest in the drinking water programs and have made district office visits as their schedules allow.



Another improvement was the opportunity for public comment on the [Safe Drinking Water Plan](#). This plan is required by law to be updated every five years but had not been updated since 1993. The Board revised the plan that had been drafted at the California Department of Public Health and posted it online in October 2014 for public comment. In late 2014, DDW staff held six workshops across the state, including a workshop in Sacramento attended by State Water Board

members, to receive further public comment. Finally, in March 2015 the Board heard an Information Item on further revisions to the draft plan and accepted further public comment. The Board revised the Safe Drinking Water Plan in response to the extensive public comments received and submitted the Safe Drinking Water Plan to the Legislature on June 11, 2015.

**Transition Advisory Group** – As recommended by the Drinking Water Reorganization Task Force in 2013, the State Water Board convened a Transition Advisory Group. Membership includes Environmental Justice Advocates, Water Agency organizations, WaterReuse, Public Water Systems, including a system serving a disadvantaged community, Irrigation Districts, local environmental health directors, local health officers, and technical assistance providers. This group has met three times and continues to serve its role in providing input on transfer-related topics such as program and financial assistance performance.

**Recycled Water Program** – As a result of the transfer, Recycled Water program staff of the State Water Board were reorganized into a single group under the DDW's Program Management Branch. In October, the State Water Board convened a statewide group of experts to discuss recycled water research needs. Outcomes of this workshop continue to inform the Board's recycled water program.

The single group now has a combined recycled water program that addresses both protection of public health and environmental health. Regional Water Boards, in cooperation with the DDW, retain permitting responsibility for site-specific requirements to protect environmental health. The Board has filled the long-vacant drinking water program's recycled water positions. The newly-constituted group continues to make progress on the development of regulations for reservoir augmentation and the expert panel addressing feasibility of direct potable reuse of recycled water. The single, focused group at the State Water Board positions the state to move forward on permitting of direct potable reuse if deemed feasible and if appropriate requirements are adopted.

**Drinking Water State Revolving Fund (DWSRF) Program and Bond Program / Emergency Drought Funds** – As proposed in the Transition Plan, Drinking Water Program staff and drinking water financial assistance staff were reorganized. Drinking Water financial assistance staff are now co-managed with the Board's other financial assistance staff. This provides alignment with the State Water Board organizational structure and has positioned the Board to leverage the DWSRF and issue revenue bonds if needed. The deputy directors meet monthly to ensure ongoing coordination between the Division of Financial Assistance and DDW.

In October 2014, the State Water Board adopted the [Drinking Water State Revolving Fund \(DWSRF\) Policy](#). Due to statutory provisions in the budget bills, adoption of the policy resulted in the January 2015 sunset of many restrictions in statute and regulations.





In May 2015, the Division of Financial Assistance announced the formation of the [Office of Sustainable Water Solutions](#), combining the wastewater unit for small disadvantaged communities with a new drinking water unit for small disadvantaged communities. The office was formed to implement [Assembly Bill 92](#) (Chapter 2, Statutes of 2015) and is a one-stop shop for financial assistance for disadvantaged communities.

The Legislature's and voters' passage of Proposition 1 in November, 2014 provided a significant new source of grants for drinking water

in disadvantaged communities; Prop 1 Funding Guidelines are under development.

The State Water Board's implementation of emergency drought funding was facilitated by having the DDW in house to assist the Division of Financial Assistance with the awarding of funds. DDW is responsible for identifying projects and issues permits as appropriate for new infrastructure.

**Operator Certification Program** – Drinking Water operator certification staff are also co-managed with wastewater operator certification staff. The Water Board is co-managing similar functions, such as reviewing applications, administering exams, and issuing certifications. The Water Board's Office of Enforcement will investigate and enforcement actions will be taken if appropriate.

**Drinking Water Source Assessment and Protection Program (DWSAP)** – The Division of Water Quality (DWQ), Regional Water Boards and DDW have worked together on source protection measures. This included Underground Injection Control (UIC) activities resulting from oil and gas well production. In addition, DWQ incorporated drinking water source protection into its proposed annual U.S. EPA non-point source workplan.

**Environmental Laboratory Accreditation Program (ELAP)** – This program is undergoing much-needed program review and revitalization. Under new leadership, ELAP hired a well-recognized independent third party nonprofit group to convene an [expert review panel](#) to provide recommendations for program improvements. ELAP is already implementing new actions in response to the panel's initial recommendations. In April, ELAP held a well-attended meet-and-greet event with ELAP stakeholders. ELAP is also working with the Office of Enforcement to ensure certified labs meet all applicable requirements, and it has filled key vacancies and moved its headquarters to Sacramento for more effective management of the program and better interaction with water quality programs that also depend on ELAP-accredited laboratories. The program is conducting inspections in conjunction with the State Water Board's Office of Enforcement.

**Administrative, Legal, and Information Technology (IT)** – The staff in these organizations put in significant effort to ensure a successful transition. A new administrative support unit was established to focus on business services for the drinking water program. Administrative staff from human resources,

business services and health and safety visited each of the drinking water offices shortly after the transfer to facilitate the transition of support in these areas.

Business Services staff ensured that DDW staff had cell phones soon after transfer so they were equipped in case of emergency. All ELAP and DDW staff have now been moved into the CalEPA building.

Accounting staff worked with Information Technology and DDW to develop and implement a critically-important time charging system; this system replaced an antiquated system on verge of failure. The new system allows better workload information and more accurate fee billing.

Human Relations staff ensured transfer of all employee records, reviewed water resources control engineer classifications to incorporate drinking water state service and expedited filling of all DDW vacancies.

Budget Office staff identified a funding gap -- the amount of funds transferred in the budget were insufficient to support existing staff. The Governor's Fiscal Year 2015-2016 Budget includes alignment of the administrative fee process, giving the State Water Board the flexibility to adopt fees that ensure adequate revenue collection up to the appropriated amount.

Legal staff for the Drinking Water Program were integrated into Office of Chief Counsel and remain the primary contacts for DDW project review.



Information Technology staff ensured that effective July 1, 2014, email for Drinking Water Program staff were migrated, Internet and Intranet sites were updated. District Office maps were updated to inform the public of transfer; organizational charts were posted and the Water Boards assumed the responsibility of telecommunication services. By December 2014, 12 district offices, (including network services, servers, applications, reimaging of desktops, and migration of user data) had been moved to the Water Boards. After remediation by the network provider, the remaining district offices were migrated in April 2015. Information Technology staff continues working with DDW to improve the migrated data systems to enhance transparency, reliability, and efficiency. For example, the data system that the district offices use to determine compliance with drinking water standards is failing. DDW and the Division of Information Technology have been working to develop a modern replacement.

The new system is scheduled for release in July 2015. Information Technology and DDW staff worked together to move all externally managed data systems into the Water Board network.

Finally, a new Drinking Water Information Officer was hired and has prepared fact sheets, press releases, and social media opportunities. A new Drinking Water Legislative Analyst also supports the Drinking Water Program through the Office of Legislative Affairs.

**Program Primacy** – Transfer of program primacy as well as DWSRF authority was accomplished in a timely manner and to U.S. EPA’s satisfaction. Federal grant funding also transferred so the State could keep receiving the funding without interruption. In addition, the State Water Board is successfully implementing the U.S. EPA compliance workplan addressing DWSRF unliquidated obligations that developed prior to transfer.

**Examples of Successes in Integrating Water Programs:** There have been many significant successes in integration of water programs since the transfer. A few of the major successes are shown below under the “synergy” areas discussed in the Transition Plan.

## **Policy Synergies from Integrated Water Quality Management**

- DDW staff are working closely with Groundwater Ambient Monitoring and Assessment (GAMA) program on determining extent of any impact from disposal of oil and gas well fluids, part of the Underground Injection Control (UIC) program.
- Close coordination among District Offices and Regional Water Boards is occurring to control groundwater contaminant plumes to minimize effects on drinking water quality.



## Financial Assistance Synergies

- Seville Water Project: after years of unsafe drinking water, Seville now has a new well drilled using emergency grant funding. The well is providing clean water and additional source capacity. This story garnered [local](#) and national media attention.
- In February 2015, the Board greatly streamlined and modernized its financial assistance application process, making it easier for water systems to apply for project funds that will enhance and upgrade the drinking water supplies of millions of Californians. Rather than separate, hard-copy applications for each funding program, communities now apply using a single, online application for drinking water projects, replicating the success of this approach for wastewater projects. It is then up to Board staff to determine the most appropriate funding program to assist the community. Funding programs include:
  - new Proposition 1 grants;
  - DWSRF loans and "principal forgiveness" grants; and
  - new Groundwater Quality Funding made available through S.B. 445 (2014)
- As described in the Transition Plan, the Board now fully utilizes the Loans and Grant Tracking System (LGTS) database, including adopting its dynamic cash flow modeling system for both Clean Water and Drinking Water SRFs. This has allowed the Board to use a loan over-commitment strategy, maximizing the amount of funding that can be provided while maintaining fund integrity.



Photo by Ron Holman, courtesy of the Visalia Times-Delta.

## Program Implementation Synergies

- Water Board enforcement measures have resulted in dischargers providing replacement water for disadvantaged communities including West Goshen.
- Due to the program transition, DDW now has direct access to the expertise of California Certified Hydrogeologists of the Water Boards for review of planning and analysis of pumping tests performed for supply wells for small drinking water systems. More recently, these wells are being drilled and tested using Proposition 84 and Drought Emergency Funding grants to replace wells in fractured bedrock and alluvium that have declined in production due to the drought. DDW historically has not employed the Engineering Geologist classification series, despite the state's reliance on groundwater as a major source of drinking water.
- To promote the use of recycled water statewide, DDW is drafting statewide Water Recycling Requirements that address both clean water and drinking water concerns.
- The extensive emergency response experience of the Drinking Water Program has been tapped to improve the Water Boards' Emergency Response Plan and to develop a quick reference guide for Board Members.

## Permitting and Certification Synergies

- Division of Water Quality's Drinking Water System Discharges general permit: DWQ conducted statewide outreach workshops, with DDW staff attending alongside to help answer questions from water agencies.
- Regional Water Board Executive Officers meet regularly with the Deputy Director of DDW to coordinate activities, including oversight of groundwater cleanup and protection of drinking water sources. This coordination is especially vital because with curtailment of certain surface water rights due to the drought, areas of the state that used to rely on imported water are increasingly dependent on local groundwater supplies.
- DDW coordinated with the Central Coast Regional Water Board to fast-track the permitting of the new Cambria groundwater recharge permit to ensure an adequate water supply was available during the drought.

## Monitoring and Data Synergies

- For urban water conservation reporting, the State Water Board used a Drinking Water Program data platform to establish an [online reporting tool](#) for water suppliers to submit data and information on urban water use and implementation of local conservation actions. The State Water Board's water conservation regulations require urban water suppliers to provide the amount of potable water produced each month for use by their customers, which helps to track the amount of water conservation occurring across the state. The reports and accompanying analysis of this reporting has been crucial to inform the State Water Board in its recent drought actions.
- Statewide training for DDW staff on the GeoTracker GAMA database being conducted, to allow viewing of groundwater plumes in relation to drinking water supply wells.



### **Water Rights / Drought Synergies**

- In response to the third and fourth year of drought, the State Water Board issued curtailments to certain holders of water rights. The Division of Drinking Water coordinated with the Division of Water Rights to issue compliance orders requiring the public water system to find a reliable, alternative source of water to replace the curtailed water right supply during the drought. Within the affected water systems, the orders prohibit new water service connections to residences and businesses, require metering for all customers, and establish a schedule to develop a reliable alternate source of supply. This prohibition is in effect until a new source of water is identified and established for regular water service to existing customers and allows the Division of Water Right to exercise discretion in enforcement of water right priority. Working together, the Divisions achieved water supply outcomes that were greater than could have been achieved individually.

**Beyond Water Program Integration** – As stated in the Transition Plan, the State Water Board recognizes “...that the state’s goal of providing safe drinking water for all Californians cannot be achieved through program integration alone. Long-term challenges include building the technical, managerial, and financial capacity of small water systems serving disadvantaged communities; identifying ways to support the operations and maintenance needs of these systems; and addressing the needs of systems with fewer than 15 service connections. The Administration is committed to pursuing solutions to these challenges in partnership with the Legislature, Transition Advisory Group, affected communities, local government entities, and other stakeholders.” Accordingly, the Administration has been meeting with stakeholders throughout 2015 including the Transition Advisory Group, water agency organizations, environmental justice organizations, agricultural representatives, the California State Association of Counties, the California League of Cities, the California Local Agency Formation Commissions, the California Conference of Directors of Environmental Health, the California Conference of Local Health Officers, the Special Districts Association, the California Association of Mutual Water Companies, and the Water Quality Association.

In June 2015, the Governor signed Assembly Bill 115 and Senate Bill 88, which include new authority for the State Water Board to require consolidation or extension of service to disadvantaged communities in unincorporated areas or mutual water companies. This landmark legislation will significantly advance the effort to provide adequate, safe drinking water for disadvantaged communities.

However, more remains to be done to fulfill the Human Right to Water. Notably, funding sources are needed for operations and maintenance costs so that the state can ensure that disadvantaged communities receive affordable, safe drinking water. The Administration's proposal would also ease the burden on local governments with new tools to limit the proliferation of new, unsustainable systems. Together these concepts make up the Administration's proposal to provide Affordable, Safe Drinking Water (ASDW) for disadvantaged communities. In partnership with the Legislature, the Administration will pursue this proposal in support of the Human Right to Water.