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# SENATE COMMITTEE ON NATURAL RESOURCES AND WATER

Senator Henry Stern, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	SB 351	<b>Hearing Date:</b>	April 15, 2021
<b>Author:</b>	Caballero		
<b>Version:</b>	February 9, 2021		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Dennis O'Connor		

**Subject:** Water Innovation Act of 2021

## BACKGROUND AND EXISTING LAW

Existing law establishes the following agencies:

- 1) The Department of Water Resources (DWR) is tasked with the development and protection of the state's water resources. Its responsibilities include:
  - a) The development and operation of the state water project (SWP),
  - b) Statewide water resources planning,
  - c) Flood management,
  - d) Dam safety,
  - e) Technical assistance to local water agencies, and
  - f) Public education about the state's water resources and efficient water use.
- 2) The California Water Commission (CWC) provides advice and makes recommendations to the director of DWR regarding any matters and subjects under the director's jurisdiction. In addition, the CWC:
  - a) Conducts an annual review of the progress of construction and operation of the SWP, and reports its findings and recommendations to the director and the legislature; and
  - b) Makes funding allocations for water storage projects funded by Proposition 1 of 2014.
- 3) The State Water Resources Control Board (SWRCB) is responsible for overseeing:
  - a) The state's water rights system,
  - b) Enforcing water quality laws, and
  - c) Ensuring safe and reliable drinking water.

Among the SWRCB's units is the Office of Sustainable Water Solutions, which promotes permanent and sustainable drinking water and wastewater treatment solutions to ensure the effective and efficient provision of safe, clean, affordable, and reliable drinking water and wastewater treatment services.

## PROPOSED LAW

This bill would:

- 1) Establish an Office of Water Innovation (office) at the CWC for the furtherance of new technologies and other innovative approaches in the water sector.

- 2) Require the office, by December 31, 2023, to:
  - a) Establish an interagency team to increase collaboration among state agencies on innovative approaches.
  - b) Engage affected stakeholders including water agencies, academia, vendors, commercial and agriculture users, and environmental organizations.
  - c) Review regulations that may limit or inhibit innovation or the adoption of new technologies and make recommendations for streamlining or revising those regulations.
  - d) Develop a list of new technologies and publish that information on a public internet website.
  - e) Review opportunities for a pilot program that would issue grants to water agencies for evaluating new technologies in their water systems.
  - f) Review investment trends for innovation and make recommendations for increasing investment.
- 3) Authorize the CWC to partner with an existing nonprofit organization, with a new nonprofit organization that the department creates, or with another state agency to review, develop, or publish, or any combination of the responsibilities of the office.
- 4) Allow any state agency to disseminate, manage, or publish information separately from the office.
- 5) Create the Water Innovation Fund. All moneys in the fund would be available, upon appropriation by the Legislature, to DWR, the SWRCB, or other state agencies for the furtherance of water innovation.
- 6) Require the Department of Finance to develop a standardized agreement to allow for voluntary donations to the fund by any person, educational institution, government entity, corporation or other business entity, or organization.
- 7) Make numerous findings regarding the need for the bill.

### **ARGUMENTS IN SUPPORT**

According to the author, “State agencies and departments assist water managers of all types across the state by providing support to address system challenges, such as managing groundwater pumping, recharging groundwater basins, cleaning natural and man-made toxicity, creating new supplies through technology, proliferating standardized data platforms, and delivering resiliency plans. However, these agencies and departments focus on specific parts of these challenges and accordingly, solutions are offered to address those specific agency-focused issues. This results in siloed decision-making, and inadequate investment in new and innovative water technologies.”

“While California is a global leader in technological innovation, it has failed to develop a dominant water innovation industry and faces competition from nascent clusters in Israel, Australia, and Spain. SB 351 changes that, positioning the state to engage technology companies, academia, water users, and environmental stakeholders in an environment that breaks down these silos, so that statewide adoption of innovative water technology and management solutions become scalable parts of an integrated California water strategy. This will encourage the creation of a California-based water technology cluster, so that our California start-ups become worldwide providers and

exporters of water technologies, while creating new jobs, and helping to guide the decisions to a modernized water system in California.”

**ARGUMENTS IN OPPOSITION:** None received

## COMMENTS

*What Is Innovation In The Water Sector?* The bill proposes to create an office of innovation, but doesn't define what innovation means. Sometimes it seems the bill is focused solely on technology, other times it is focused on “innovative approaches” undefined. Similarly, it is not clear what comprises the “water sector.” A definition that clarifies the meaning of “innovation in the water sector” would probably be helpful. (See Amendment 1)

*Where Should This Office Be Housed?* This bill proposes housing this new office in the CWC. The CWC serves a mostly advisory role, and has a fairly small staff. This would be a significant expansion of its duties. Arguably, this office could also be placed in DWR or the SWRCB.

*Funding.* It is not clear where the funding for this office would come. The bill directs the Department of Finance to develop a standardized agreement to allow for voluntary donations to the fund by any person, educational institution, government entity, corporation or other business entity, or organization. It is not clear how much funding, if any, would come from such voluntary donations, nor is it clear if it would be sufficient to support the activities of the office without additional state funding. This is likely an issue the Senate Appropriations Committee will explore more fully.

*Technical Amendments.* With the new definition, additional conforming amendments are needed. The findings also would benefit from minor wordsmithing. (See Amendment 2)

## SUGGESTED AMENDMENTS

### AMENDMENT 1

On page 3, following line 4, insert:

(c) “Innovation” means new ideas, processes, technologies, or products which when implemented lead to positive effective change in water acquisition, treatment, use, or any other aspect of water resources management, or reducing the negative effects of water resources management on the natural or human environments.

And renumber the rest of the subdivisions of the section.

### AMENDMENT 2

On page 2, line 12, delete “systems, which the state is trying to address through the” delete line 13, and insert “systems.”

On page 2, line 17, delete “State” and insert “A number of state”

On page 2, line 18, delete “challenges” and insert “challenges, each”

On page 2, line 22, delete “technological innovation” and insert “technology and other innovations”

On page 2, line 24, delete “innovative”

On page 2, line 24, delete “technologies.” insert “technologies and other water innovations.”

On page 3, line 22, after “technologies” insert “and other water innovations”

On page 3, line 24, after “technologies” insert “and other water innovations”

On page 3, line 27, after “technologies” insert “and other water innovations”

**SUPPORT**

Association of California Water Agencies (ACWA)

Bay Area Council

California Association of Sanitation Agencies

California Municipal Utilities Association

California Water Service

California Water Service Company

Imagine H2O

Metropolitan Water District of Southern California

Municipal Water District of Orange County

North Bay Leadership Council

San Francisco Public Utilities Commission

Santa Clara Valley Water District

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**OPPOSITION**

None Received

**-- END --**