
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

SB 351 (Caballero) - Water Innovation Act of 2021

Version: April 20, 2021

Urgency: No

Hearing Date: May 10, 2021

Policy Vote: N.R. & W. 9 - 0

Mandate: No

Consultant: Ashley Ames

Bill Summary: This bill would establish an Office of Water Innovation (office) at the California Water Commission (CWC) for the furtherance of new technologies and other innovative approaches in the water sector

Fiscal Impact:

- The Department of Water Resources (DWR) estimates costs of \$648,000 annually through December 23, 2023, or total costs of approximately \$1.6 million (\$324,000 in the first fiscal year, and \$648,000 in each of the next two) (Water Innovation Fund) to provide the staffing resources to CWC in order to implement this bill.
- Minor costs for DWR and other departments to coordinate as would be required by the bill.
- Potential cost pressure of an unknown amount (Water Innovation Fund) to fund the pilot programs, grants, investments, and other activities identified by the office.

Background: 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.

The CW) provides advice and makes recommendations to the director of DWR regarding any matters and subjects under the director's jurisdiction. In addition, the CWC:

- g) 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
- h) Makes funding allocations for water storage projects funded by Proposition 1 of 2014.

The State Water Resources Control Board (SWRCB) is responsible for overseeing:

- i) The state's water rights system,
- j) Enforcing water quality laws, and
- k) 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.

Staff Comments: While the primary costs of this bill would fall to the CWC to implement, DWR is the likely source of the needed staffing. The CWC has no capacity within its current staff structure to perform the work required in the new Office.

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.

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