

STATE OF COLORADO

Bill Ritter, Jr., Governor
James B. Martin, Executive Director

Dedicated to protecting and improving the health and environment of the people of Colorado

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Colorado Department
of Public Health
and Environment

August 28, 2009

Eric Hecox
Section Chief, Intrastate Water Management and Development
Colorado Water Conservation Board
1580 Logan Street, Room 200
Denver, CO 80203

Re: Request to Approve CWCB Water Supply Reserve Account Zero Liquid Discharge Grant Revisions

Dear Eric:

In September, 2008 the Colorado Water Conservation Board approved funding from the Water Supply Reserve Account for the project "Demonstration of Membrane Zero Liquid Discharge Process for Drinking Water Systems." This project was cooperatively developed by the Membrane Treatment Workgroup (MTW), a workgroup formed at the direction of the Colorado Water Quality Control Commission under the auspices of the Water Quality Forum.

The 2008 grant application proposed a management structure for the project in which the Colorado Department of Public Health and Environment (CDPHE) was the grant applicant. CDPHE, in turn, indicated its intent to contract the non-profit American Water Works Association Research Foundation (AwwaRF) to perform day to day management, technical oversight and peer review for the project. In addition, AwwaRF committed \$100,000 in matching funds to this project. Due to an unanticipated shortfall in available funding, AwwaRF determined it would not be able to meet its management or funding commitment for the project and declined to enter into a contract with CDPHE.

The MTW determined it was in still in the best interest of this project to engage a non-profit research foundation to perform day to day management, technical oversight and peer review. The MTW has obtained a commitment from the WaterReuse Foundation to perform the management of the project. Similar to AwwaRF, WaterReuse Foundation is an educational, nonprofit public benefit corporation (501(c)(3)) that conducts applied research on behalf of the water and wastewater community for the purpose of advancing the science of water reuse, recycling, reclamation, and desalination. The WaterReuse Foundation has committed \$100,000 in matching funds to the project. The project's focus on providing information for drinking water utilities on zero liquid discharge will not change due to the shift in project management.

In addition, near the end of the 2009 legislative session, new fiscal staff in the Water Quality Control Division noted that CDPHE had not obtained authority to spend the funds on the project. Without going into great detail on the workings of the state budget process, CDPHE had previously incorrectly interpreted that the legislature had authorized the CWCB to expend the funds and that additional approval was not required. In order for the project to proceed, legislative approval for CDPHE to expend the funds would be required in the 2010 session, further delaying the project. As an alternative, the Colorado Department of Public Health and Environment is requesting the Board's approval that the WateReuse Foundation be identified on the grant as the Contracting Entity allowing the project to be substantially completed in 2010. As indicated in the revised application, final report approval and publication of the final report for distribution would occur before June 30, 2011. CDPHE will continue to support the project and will be available to assist the CWCB as requested.

As a result of this proposed change in management structure for the project, CWCB's approval is requested to:

- 1) Replace AwwaRF with the WateReuse Foundation as the managing agency for the project.
- 2) Allow contracting to proceed by naming the WateReuse Foundation as the Contracting Entity.
- 3) Extend the availability of funding by 12 months, through June, 2011.

It should be noted that the technical objectives and scope of the project are unchanged from the September, 2008 proposal. Enclosed is a revised application reflecting the WateReuse Foundation as the Contracting Entity as well as a letter from the WateReuse Association indicating its strong commitment to the project.

Please call me at (303) 692-3591 if you have any questions regarding this submission.

Sincerely,



Dave Akers, Program Manager
Water Pollution Control Program
Water Quality Control Division

cc: Phil Brandhuber, P.E., HDR
Karla Kinser, P.E., MWH