

Explanation of Safe Drinking Water Operations and Maintenance (O&M) Needs Estimate

Introduction

Although much progress has been made, some disadvantaged communities lack the resources to operate and maintain their systems to deliver safe and affordable water. To deal with a lack of resources for O&M needs, consolidations are often preferable. They can be voluntary, often with financial incentives, or also through the mandatory process established by [Senate Bill \(SB\) 88](#). Nevertheless, some systems are too remote to be feasibly consolidated. Last year, [SB 552](#) set up an Administrator process, which enables the State Water Board to contract with outside entities to serve in a role similar to receivership, and could be used as a mechanism to administer O&M funding.

This needs estimate is based on average costs for O&M and capital needs. Annualized capital costs have been included, particularly since Proposition 1 funds are being quickly committed to projects, and because federal grants may be less certain in the future. There is of course much experience within the water industry and the non-profit community on the cost of treatment, but it is difficult to rely on site-specific data or anecdotal information, since actual costs vary based on site conditions. Where possible, this analysis is based on published statewide or national information.

Description of the Spreadsheet

The Safe Drinking Water O&M Needs Estimate spreadsheet is posted on the State Water Board's [Human Right to Water Portal](#).

(1) The first tab of the spreadsheet provides a list of all the public water systems (PWS) included in the cost analysis. This list is based on the State's best current information regarding PWS that are not meeting safe drinking water standards. The primary source of information is the [Division of Drinking Water's \(DDW\)](#) database, the Safe Drinking Water Information System (SDWIS). It also incorporates information from DDW staff regarding hexavalent chromium exceedances. Data in SDWIS tracks PWS, and hence this analysis does not address households served by private wells or very small water systems that are not classified as a PWS.

Specifically, the list includes the following types of PWS (note those owned by federal or state government are not included):

- Small community PWS (<3,300 service connections or <10,000 population), as defined by Health and Safety Code, Section 116275(aa).
- PWS that serve schools or day care centers (excluding private companies, campgrounds, etc.). These are labeled as Non-Transient Non-Community systems on the spreadsheet.

Larger community water systems were also considered, but are not included in the fiscal analysis. Based on a preliminary review, and given their larger rate base, those systems are generally anticipated to be able to support O&M of future improvements with reasonable rates.

In reviewing the above-described systems, only those with either of the following were included in the analysis:

- An [exceedance of the Hexavalent Chromium Maximum Contaminant Level \(MCL\)](#), based on monitoring conducted since July 1, 2014.
- A federal violation associated with an enforcement action and related to MCLs for primary drinking water standards, except Total Coliform Rule (TCR).
 - This includes, for example: arsenic, disinfection byproducts, fluoride, hexavalent chromium, nitrate, radionuclides, and 1,2-dibromo-3-chloropropane (DBCP).
 - TCR violations were not included based on the assumption that such violations can often be addressed with relatively inexpensive improvements, or even just operational changes.

Please note that disadvantaged status of water systems is not known statewide, and is not included in the analysis. However, it is anticipated that systems remaining out of compliance in many cases indicates that the community cannot afford to address their needs; we will confirm communities' disadvantaged status in the future as appropriate.

(2) The second tab consists of a list very similar to the first tab, but with multiple entries for those systems with multiple violations that would necessitate more than one type of treatment.

(3) The third tab provides cost estimate details, as well as notes regarding the source of the annualized cost factors used in this analysis. These factors include both capital and O&M costs (typically amortized over 20 years at 7%). Inflation adjustments up to 2016 dollars are based on a [Bureau of Labor Statistics](#) inflation calculator. Many of the calculations are based on an assumed 3.3 persons per household/connection.

Summary

Total needs are estimated at \$45 million annually, which does not include administrative or program operation costs that would be necessary to implement a funding program. A total of 309 PWS are included in the analysis, serving approximately 200,000 people statewide. It is also important to keep in mind that this list is considered a snapshot in time. It is not a funding list. It is absolutely anticipated that needs will fluctuate over time. Some specific systems currently on the list may drop off as affordable solutions are found. Meanwhile, more systems will likely emerge. For example, as some counties turn over their local primacy programs, we often find many systems considered state smalls are actually PWS. There are also new MCLs in development. Plus other factors like ongoing drought or spreading contamination could worsen conditions and lead to new violations.

Submitting Comments

Any comments on the Safe Drinking Water O&M Needs Estimate can be submitted via email to hr2w@waterboards.ca.gov. Please include "O&M Needs Estimate" in the subject line.