

## Grizzly Flats Community Services District

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July 28, 2016

Public Comment  
Proposed Drinking Water Fee Regs  
Deadline: 7/29/16 by 5:00pm

Jeanine Townsend, Clerk to the Board  
State Water Resources Control Board  
PO Box 100  
Sacramento, CA 95812-2000

### Re: Comment Letter – Proposed Drinking Water Fee Regulations



Dear Chair Marcus and Members of the Board:

The purpose of this letter is to comment on the proposed changes to the drinking water fee regulations within Title 22 of the California Code of Regulations.

We are a small community water system, located in Grizzly Flats, CA; a small rural mountain community in Northern California. Our service area has a population of about 1,100 people and three commercial customers (a post office, an elementary school and a USFS Station). We have been classified as a Disadvantaged Community due to our low medium household income (MHI).

The individuals that live here have to shoulder the operation and maintenance costs associated with running a reliable water system. Those costs have increased dramatically over the last few years due to increases in water treatment costs, required water testing by the county and state, costs to hire and retain qualified, properly licensed operators and the mandatory fees charged by the various state and county entities. We've also seen increased costs associated with installing measurement devices to monitor our water diversions; a requirement set by the SWRCB that has added \$10,000 per year to our O&M Budget. That was after the \$40,000 we spent to install the gages and get them up and working. In addition to increased expenses, we have seen a reduction in income due to State mandated conservation requirements, home foreclosures, and lack of new construction. We have not installed a new water meter since June 2008 and don't foresee any new construction in the near future. We have had to raise our customer's rates 134% since 2006 to cover these changes and have an additional 25% increase planned over the next five years.

The changes that are proposed would increase our drinking water fees by \$2.00 per service. That's about \$1,200; which is a big expense to our small District. Our District's 2016/2017 budget has already been approved by our Board of Directors. We were not given the opportunity to budget for this increase of our Public Water System annual fee or study the impact it would have on our operation and maintenance expenses. In addition, I could find no indication why the fee is being increased or when it will take effect.

Due to the regulations set by Proposition 218, it isn't an easy task for a district like ours to increase water rates to cover increased expenses like this. We've been working through the Proposition 218 process for the last year or so. Following those regulations, we completed a Cost of Services Study, held public hearings and finally adopted a plan to increase our water users rates another 25% over the next five years. We've held 19 meetings (committee meetings, public workshops, regular board meetings, special board meetings and public hearings) since January 2016 to get through this process. Our rate increase, based on our current budget was approved July 18, 2016; a budget that didn't include the fee increase you are proposing. How can we as a District maintain a balanced budget if increases like this are placed upon us without notice and with no justification? How do we explain these things to our rate payers?

In addressing the proposed changes, the "Initial Statement of Reasons" states, "*The State Board has determined that the proposed regulatory action would have no significant direct adverse economic impact on California business enterprises and individuals.....the proposed regulations apply only to public water systems*". As the General Manager of a public water system, I would like to respectfully disagree with that statement. Where do the public water systems get their operating funds? Every resident of my District who pays for water service will be directly affected by your decision to increase these fees. We have no other source of income other than those individuals and businesses that live and operate within our District.

We respectfully request that the State Water Resources Control Board reconsider this fee increase or consider phasing it in over the next few years. That would allow districts like ours to prepare for the increase and work it into their budgets. It is our hope that the SWRCB will be willing to cooperate with our District and the residents of California who are directly impacted by this fee increase.

Sincerely,

A handwritten signature in cursive script that reads "Jodi Lauther". The signature is written in black ink and includes a small circular mark at the end of the last name.

Jodi Lauther  
General Manager  
Grizzly Flats Community Services District