



(6/22/16) Public Hearing  
Drinking Water Fee  
Deadline: 6/22/16 by 5:00pm

# CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION



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Sent via email: [DAS-DrinkingWaterFees@waterboards.ca.gov](mailto:DAS-DrinkingWaterFees@waterboards.ca.gov)

June 22, 2016

Ms. Jeanine Townsend  
State Water Resources Control Board  
1001 I Street, 24th Floor  
Sacramento, California 95814

Re: SWRCB Proposed Drinking Water Fee Regulations

Dear Ms. Townsend,

The California Municipal Utilities Association (CMUA), representing 40 public water agencies that serve over 70 percent of Californians, appreciates the opportunity to comment on the State Water Resources Control Board's (SWRCB) Proposed Drinking Water Fee Regulations (Proposed Regulations). CMUA also wishes to acknowledge and express our appreciation for the SWRCB staff's efforts to work with stakeholders throughout the development of the Proposed Regulations.

### I. Adopt Equitable Fee Schedule

CMUA firmly supports a fee schedule that fully funds the Drinking Water Program. A robust Program is in the best interests of all Californians. In addition, it should provide for a fair, or equitable, structure for all fee payers, be easy to administer and implement, be consistent with existing laws, and be flexible and able to adapt to changing regulations or budgets.

However, CMUA is concerned that the Proposed Regulations are not equitable among fee payers as they would dramatically increase large water system annual fees when compared to the fees they have been paying under fee-for-service, while significantly decreasing fees for all small water systems to levels substantially less than that those previously established by the Legislature. CMUA instead supports the Water Community Option alternative fee schedule as outlined in the

letter submitted by the Association of California Water Agencies (ACWA). This alternative approach would adequately fund the program, reduce the current disparity between small and large water systems and acknowledge the infrastructure investments and economies-of-scale achieved with larger systems.

## **II. Ensure Appropriate Reserves**

Health and Safety Code section 116565(a) states that the annual fee collected by the SWRCB from public water systems “shall be sufficient to pay, but in no event shall exceed, the state board’s costs in conducting these activities, *including a prudent reserve in the Safe Drinking Water Account.*” We understand from discussions with staff that the SWRCB plans to collect a 10 percent reserve based on the Governor’s Proposed Budget in January 2016, which does not include budget change proposals approved after that time that will impact the eventual reserve amount for FY 2016-2017. While CMUA supports a drinking water program that includes sufficient reserves and is fiscally sustainable, the state’s water systems also are accountable to their ratepayers for any expenditure including drinking water fees. As the fee schedule is finalized and the SWRCB makes future revisions, we urge staff to work with stakeholders to carefully assess the appropriate level of reserves that will ensure an effective balance between fee authority and fiscal responsibility for both the state and the regulated community.

## **III. Continue to Maximize Federal Funding Sources**

In addition to the water system fees deposited in the Safe Drinking Water Account, drinking water activities at the SWRCB are funded through two federal sources: the Public Water System Supervision Grant (PWSS Grant) and the Drinking Water State Revolving Fund State Program Management Set-Aside (PWSS SRF Set-Aside). These long-standing, reliable sources of funding are key elements of the state’s Drinking Water Program; in fact states have received the PWSS Grant since 1976 and the SRF Set-Aside since the 1996 amendments to the federal Safe Drinking Water Act. CMUA appreciates the SWRCB maximizing the PWSS SRF Set-Aside in the FY 2016-2017 DWSRF Intended Use Plan and we urge the SWRCB to continue utilizing the maximum level of federal funding available on an annual basis for drinking water program activities, rather than divert those funds to other programs and consequently require the regulated community to pay additional drinking water fees.

## **IV. Establish Additional Performance Metrics**

CMUA supports the SWRCB’s efforts to increase accountability in the drinking water program such as the inclusion of several activities in the California Water Boards’ Annual Performance Report. We also recommend that the SWRCB establish performance metrics for turnaround time on processing variances and waivers and turnaround time on requests from systems for other compliance activities.

Ms. Jeanine Townsend

June 22, 2016

Page 3

It is critical that all water systems receive an appropriate level of service for all activities in a timely fashion. In addition, we request that the Division of Drinking Water retain and enhance the Program's ability to provide an accounting of staff time and resource allocations through the DART system including an annual accounting of hours spent in service to each water system, which would be sent with that system's annual invoice. A summary of this information along with an overview of the Board's expenditures for activities that benefit all drinking water systems should be made publicly available at least once a year. This process and information would benefit both the SWRCB and the water systems as it would allow the SWRCB to assess the Program's activities and effectiveness moving forward and provide fee payers with the data needed to assess their level of service.

#### **V. Conclusion**

Thank you for considering CMUA's comments and for engaging stakeholders throughout this process. We look forward to continued collaboration on this critical issue for the future of the Drinking Water Program. Please contact me at 916-326-5800 or [dblacet@cmua.org](mailto:dblacet@cmua.org) should you have any questions.

Sincerely,



Danielle Blacet  
Director for Water

Cc: Mr. Tom Howard, Executive Director  
Mr. Eric Oppenheimer, Chief Deputy Director  
Ms. Cindy Forbes, Deputy Director, Division of Drinking Water  
Mr. John Russell, Deputy Director, Division of Administrative Services