



June 22, 2016

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, California 95814
Comments Submitted Electronically



Re: Proposed Regulatory Action to Adopt New Drinking Water Program Fee Structure

Dear Ms. Townsend and State Water Board Members,

Our organizations have worked with the Drinking Water Program – at the Department of Public Health, and more recently at the State Water Board – for more than a decade as part of our efforts to address the critical drinking water challenges facing California communities.

The many problems of the Program were aired during legislative hearings in 2013. Among the most intransigent were the extensive delays (up to a decade) in adopting needed policies and regulations, including federally mandated changes, drinking water standards, and funding updates. A major reason for these delays was that the Program’s largest nonfederal sources of funding, fees from large water systems, was and is based on a fee-for-service model. Collecting revenue to fund the Drinking Water Program using a fee-for-service model for water systems is problematic for several reasons:

1. The fee-for-service model requires staff to spend disproportionately more time working on large water systems (LWS); however, most of the public water systems that are not in compliance with drinking water standards are small water systems (SWS).
2. Drinking Water Program management also has limited ability to redirect staff to higher priority drinking water issues, such as drought response or other emergency activities.

3. Finally, several critical functions of the Drinking Water Program cannot be charged to water systems directly (e.g., regulations development, emergency response, oversight of the local primacy agency programs, drinking water standards review, to name a few).
4. The current fee structure places a greater burden on customers of small water systems to pay for the drinking water regulatory program based on the amount of fees paid per service connection. SWS pay roughly ten times the amount of fees per service connection as LWS.
5. In addition, it is difficult for LWS to properly budget drinking water program fees due to the variability from year to year that is dependent upon whether or not the system has been inspected, issued an amended permit, or required enforcement time.

This model makes it extremely difficult for the Drinking Water Program to plan its own budget, fund needed policy and regulatory updates, and address the needs of small water systems.

The State Board received authorization in last year's budget to replace the current fee structure with the emergency regulatory authority used to set fees for all of their programs, and staff has spent most of the past year working with stakeholders to develop the current proposal. This proposal allows the Board to set fees as needed to cover the budgetary needs of the program as approved by the State Legislature.

Not only will the new fee structure allow the State Water Board to set fees which better represent the costs of the program and thus allow the Board to more efficiently serve all water systems, but this proposal would reduce fees for most of California's small systems, which are the systems most likely to struggle to pay the costs of maintaining a water system, including payment of fees to the Division of Drinking Water.

This proposed fee structure allows the funding for this crucial program to be equitably distributed according to a public water system's reasonable expectation of ability to pay, while providing some per connection discount to reflect economies of scale, while providing the necessary resources to allow the Division of Drinking Water to ensure that water delivered by public water systems is pure, wholesome, and potable. We think this is fiscally prudent and appropriate, and strongly support the proposal.

Sincerely,

Laurel Firestone, Co-Executive Director, Community Water Center

Jennifer Clary, Water Programs Manager, Clean Water Action

Phoebe Seaton, Co-Director, Leadership Counsel for Justice & Accountability

Kyle Jones, Policy Advocate, Sierra Club California

Horacio Amezquita, General Manager, San Jerardo Cooperative, Inc

Sergio Carranza, Executive Director, Pueblo Unido Community Development Corporation

Bill Allayaud, California Director of Government Affairs, Environmental Working Group

Tom Collishaw, CEO & President, Self-Help Enterprises

Stanley Keasling, Chief Executive Officer, Rural Community Assistance Corporation

Gustavo Aguirre, Director of Organizing, Center on Race, Poverty, & the Environment