



San Diego County Water Authority

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February 6, 2017

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OTHER REPRESENTATIVE

County of San Diego

Jeanne Townsend, Clerk to the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-2000

RE: Comment Letter-Proposed Drinking Water Fee Regulations

Dear Ms. Townsend,

The San Diego County Water Authority is a wholesale water agency serving 24-member retail agencies. In addition to the prior comments we made on the water system fee regulations, the Water Authority would like to comment on the Drinking Water Fees-Basis for Establishing Fees.

The statement below from the Basis for Establishing Fees is confusing when it implies that there is no cap on the amount of fees that may be collected:

“Because the cap applies not just to the fee revenues deposited in the Safe Drinking Water Account, and because the cap is set at an amount consistent with all funding appropriated from all sources for FY 2016-2017, it does not operate as a limitation on the authority to set fees consistent with the amount appropriated for expenditure from the Safe Drinking Water Account in FY 2016-2017.”

It should be changed to be consistent with Section 116590 of the Health and Safety Code which states:

- “(a) Funds received by the state board pursuant to this chapter shall be deposited into the Safe Drinking Water Account, which is hereby established, and shall be available for use by the state board, upon appropriation by the Legislature, for the purpose of providing funds necessary to administer this chapter. Funds in the Safe Drinking Water Account shall not be expended for any purpose other than as set forth in this chapter.
- (b) A public water system may collect a fee from its customers to recover the fees paid by the public water system pursuant to this chapter.
- (c) The total amount of funds received for state operations program costs to administer this chapter for fiscal year 2016-17 shall not exceed thirty-eight million nine hundred seven thousand dollars (\$38,907,000) and the total amount of funds received for administering this chapter for each fiscal year thereafter shall not increase by more than 5 percent of the amount received in the previous fiscal year plus any changes to salary, benefit, and retirement adjustments contained in each annual Budget Act.
- (d) This section shall become operative on July 1, 2016.”

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The limitation in Section 116590 effectively establishes a cap on the amount of water system fees that may be collected, where the total amount of funds received for the program less all other sources of funding would equal the maximum amount that may be collected from water system fees. This statutory maximum will increase by five percent each year and effectively establishes a cap on the fees that may be collected in any year. For the proposed 2016-2017 fees, the amount of fees collected conforms with the maximum allowed by the statute.

We also recommend the following changes to the statement regarding wholesale water systems to clarify that the wholesaler fee applies only to potable water deliveries. “The proposed fee schedule for wholesale water systems is a volumetrically based fee. For wholesale water systems, a per service connection charge would not be fair or equitable, as many wholesale water systems have very few service connections, yet they often treat and move large volumes of potable water through their systems.

If you have any questions regarding this letter, please contact me at (858) 522-6743.

Sincerely,



Toby J. Roy

Water Resources Manager

Sent via: commentletters@waterboards.ca.gov

A public agency providing a safe and reliable water supply to the San Diego region