



301 North Lake Avenue  
10th Floor  
Pasadena, CA 91101-5123  
Phone: 626.793.9400  
Fax: 626.793.5900  
www.lagerlof.com

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**VIA E-MAIL & FIRST CLASS MAIL**

Ms. Jeanine Townsend, Clerk to the Board  
California State Water Resources Control Board  
P.O. Box 100  
Sacramento, CA 95812-0100



**SUBJECT: COMMENTS BY THE PUBLIC WATER AGENCIES GROUP  
REGARDING THE SAFE DRINKING WATER PLAN FOR  
CALIFORNIA BY THE STATE WATER RESOURCES CONTROL  
BOARD**

Dear Ms. Townsend:

We represent the Public Water Agencies Group (the “Group”), an informal association of 17 public agency water suppliers<sup>1</sup> who provide wholesale and retail water service in Los Angeles County. We appreciate the State Water Resources Control Board (the “State Board”) providing this opportunity for stakeholders to comment on the Safe Drinking Water Plan for California (the “Plan”).

The Group’s members provide water service to as few as 534 service connections and to as many as over 28,000 service connections. The Group also includes several members that provide service in economically disadvantaged areas. Thus, the Group’s members have a varied perspective on the issues that are addressed in the Plan. The Group’s comments focus on three areas: (1) the need for stable state funding to provide financial assistance to water agencies (particularly smaller public water systems) to meet

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<sup>1</sup> The Group’s members are: Crescenta Valley Water District, Kinneloa Irrigation District, La Habra Heights County Water District, La Puente Valley County Water District, Newhall County Water District, Orchard Dale Water District, Palmdale Water District, Pico Water District, Rowland Water District, Quartz Hill Water District, San Gabriel County Water District, San Gabriel Valley Municipal Water District, Sativa Los Angeles County Water District, South Montebello Irrigation District, Three Valleys Municipal Water District, Valley County Water District and Walnut Valley Water District.

financial assistance to water agencies (particularly smaller public water systems) to meet the costs of ever increasing regulatory requirements; (2) the need to avoid a “one size fits all” approach to consolidations; and (3) the problems with a statewide fee or tax on water.

**1. A More Stable Source of State Financial Resources Must be Provided.**

The recently approved water bond, Proposition 1, will provide a significant amount of money for water system improvements to, in part, address safe drinking water. However, that funding is a “drop in the bucket” when compared with the safe drinking compliance costs facing water agencies throughout the state. In particular, the recent adoption of the standard for Hexavalent Chromium, for which the Association of California Water Agencies estimates compliance costs at \$4 billion statewide, demonstrates the tremendous need for funding in comparison to the available funds. By way of example, Hexavalent Chromium compliance costs are estimated to be as much as \$75,000 per year per service connection.

Another important factor to be considered (which is indirectly a financial factor) is the liability that a water supplier may face if it provides water that does not comply with applicable standards. When a public water system delivers water from a source that is exceeding a state water quality standard, it must provide notice regarding that situation. Such notifications expose that system to potential liability from customers and third parties. To avoid such potential liability, in some instances (particularly involving small systems serving economically disadvantaged areas), the water supplier has simply abandoned its groundwater wells and instead has turned to more expensive water sources, resulting in increased operating costs and increased water rates to its customers.

Lastly, the Plan ignores the real world costs that many of its recommendations will have on water suppliers. Procuring and installing meters, preparing and implementing asset management, and funding infrastructure replacement, while all laudable actions, all cost money – money that eventually must come from the end user customers. Other regulations have similar adverse financial effects, such as requiring NPDES permit compliance for the discharge of drinking water. Such compliance costs seemingly are never fully considered when those new requirements are put in place by regulatory agencies or the Legislature.

In summary, more stable and effective funding from the state (as contemplated by Recommendation 4-5 in the Plan) is necessary to assist water systems (and especially small systems) in ensuring that the water they provide is safe and remains affordable. In addition, by planning smartly, accounting for timing in the implementation of safe

drinking water standards, accounting for actions elsewhere under its control and providing input and exerting influence over other regulatory agencies and Legislature, the State Water Board can significantly assist water systems in providing safe and affordable water to their customers. With its recent assumption of authority over safe drinking water, the State Water Board is well positioned to take advantage of this opportunity.

**2. Consolidations must be Carefully Considered.**

We are concerned by the Plan's express mandate to consolidate small systems with large systems regardless of the circumstances surrounding the respective systems. That willingness is exhibited in Recommendation 8-5, which recommends legislation that would require a small public water system that is within the sphere of influence of a larger water system to annex to the larger system.

Simply put, bigger is not always better. A real world example illustrates this point. One of the Group's members is located within an economically disadvantaged community in the Greater Los Angeles area. A preliminary recommendation was put forth to consolidate that district with the Central Basin Municipal Water District ("CBMWD") – a much larger agency that is rife with dysfunction and corruption. Under the Plan's Recommendation 8-5, the consolidation of that smaller district into CBMWD would have been mandatory, regardless of the fact that CBMWD was not even qualified to provide retail service in the manner that Group member provides. Needless to say, that consolidation may not have been in the best interests of the member's customers.

The Plan's "one-size fits all" approach to consolidation ignores the reality that in some situations, a smaller system may provide fully compliant drinking water, more than adequate service to its customers at a reasonable cost and may even be in a position to assist a larger neighboring agency. The Plan's recommendations concerning consolidation ignore the practical realities that: (1) counties and county service areas may themselves lack the funding and thus the desire to take over small water systems with poorly maintained systems in need of significant infrastructure improvements; and (2) some small water systems are located in areas distant from other larger systems, which makes consolidation difficult or even impossible.

A process for consolidation exists in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.). We believe that steps should be taken to tweak that existing process to facilitate consolidations where they make practical, economic and operational sense. A blanket

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law that requires forced consolidations will not solve the small system problem the Plan identifies and would end up doing more harm than good in many situations.

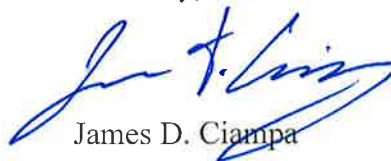
**3. A Water Use Fee must be Thoughtfully Considered.**

Recommendation 4-3 makes reference to possible adoption of a water user fee. The contemplated fee appears to be similar to the public goods charge that was the subject of SB 34 in the 2011-12 Legislative Session. That charge generated much opposition in the water industry because of the uncertainty over how it would be implemented and regarding the inequity by which the monies generated by that charge would be expended (i.e., monies generated in one particular water supplier's area were not guaranteed to return to that area for improvements in that area).

Certainly, there are many legal and possibly constitutional issues that would need to be addressed before any such statewide fee or tax could be adopted. Thus, we encourage the State Water Board to be extremely thorough and thoughtful in its approach to such a fee – which will likely have impacts on all of the state's residents who will end up paying that fee or tax.

In conclusion, the Group thanks the State Water Board and its staff for the diligent effort put into the Plan. While we concur with many of the Plan's recommendations, we also believe it is important to acknowledge its shortcomings so that any adverse consequences can be avoided where possible. Please feel free to contact me with any questions concerning these comments.

Sincerely,



James D. Ciampa

JDC/cc

cc: Public Water Agency Group Members (via e-mail)

Lagerlof  
Senecal  
Gosney & Kruse  
LLP