State Water Board
Division of Drinking Water
LAFCo Training

Cindy Forbes, Deputy Director
Division of Drinking Water
State Water Resources Control Board
DDW Responsibilities
- Drinking Water Program
- SWS Compliance Issues
- Strategic Plan to Resolve SWS Problems
- Funding Opportunities
- Consolidation Authority
Field Operations

- 5 Regions
- 24 Districts
- Responsible for carrying out DWP’s program objectives
- District staff interacts with water systems and other local partner agencies
## Drinking Water Program

<table>
<thead>
<tr>
<th>Type of System</th>
<th>Approximate #</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMUNITY</td>
<td>3,000</td>
</tr>
<tr>
<td>Large (&gt;3,300 people)</td>
<td>700</td>
</tr>
<tr>
<td>Small (&gt;15 connections, &lt;3,300 people)</td>
<td>2,300</td>
</tr>
<tr>
<td>NON–COMMUNITY</td>
<td>4,500</td>
</tr>
<tr>
<td>Non–transient</td>
<td>1,500</td>
</tr>
<tr>
<td>Transient</td>
<td>3,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,500</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of System</th>
<th>Population</th>
<th>% of CA population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Water System &gt;1000 connections</td>
<td>37 million</td>
<td>98%</td>
</tr>
<tr>
<td>Small Water System &lt;1000 connections</td>
<td>400,000</td>
<td>1%</td>
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</tbody>
</table>
SWS CHALLENGES

- Technical Issues
- Managerial issues
- Financial Issues
**SWS CHALLENGES**

- **Technical Challenges**
  - Lack of basic information on quantity of water needed and usage;
  - Old, leaking distribution systems; inadequate maintenance budgets
  - Lack of engineering support to assess alternatives and design solutions;
  - Proposed solution has environmental impacts or need permits from other agencies.
SWS CHALLENGES

Managerial Challenges

- Lack of clear ownership of water system;
- Lack of clear water rights;
- No water system operator or
- Improperly trained operator
Financial Challenges

- Historic low water rates resulting in limited budget, deferred maintenance, lack of reserves, and inability to afford operations and maintenance costs;
- Water rates that are, or will be, too high to be affordable to residents, especially if treatment is needed for contaminant removal.
- Privately-owned water systems, including mobile home parks, are not eligible for grants under the SRF, only loans.
SWRCB DFA is not able to provide funding for operations and maintenance costs

- Water rates are a key element to maintaining compliance
- Rates must be sufficient to cover:
  - Operations and maintenance costs, increasing with increased treatment needs;
  - Future infrastructure replacement
  - Small water systems have less customers to spread costs—too limited rate base
  - Operator expertise needed for new treatment facilities
Safe Drinking Water Plan

Purpose

◦ Assess overall quality of the state's drinking water.
◦ Identification of specific water quality problems.
◦ Analysis of the known and potential health risks that may be associated with drinking water contamination.
◦ Recommendations to improve drinking water quality.
◦ 6 Public Workshops held to invite the public to comment on the assessment, analysis and recommendations in the document.

The Safe Drinking Water Plan focuses on the regulatory scope of DDW and does not address private domestic wells or water systems that do not meet the definition of a PWS.
Safe Drinking Water Plan

Affordable, Safe Drinking Water for Disadvantaged Communities

Capacity Development

Treatment and Analytical Methods

Information Systems

Program Action

Drought

Program Funding

Shared Solutions

Emergency Response and Preparedness
Management Consolidation

- Physical consolidation isn’t required. It is also possible to solve the problem with Operational/Management consolidation.
- SWS benefit from having knowledgeable operators and management from a larger system.
- Regional solutions are also viable options.
Human Right to Water (HRTW)

On September 25, 2012, California Governor Jerry Brown signed into law Assembly Bill 685 to ensure universal access to clean water. The bill statutorily recognizes that “every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.”

AB 685 places the human right to water at the center of state policy and underscores the role of state agencies in addressing the human impact of unsafe water.
Boundary Maps of PWS reveal that many failing systems are within 1 mile of a larger, compliant system.

Frequently, the best long-term solution is to consolidate these failing systems.

If possible, DDW would like LAFCo to initiate the consolidation activity.

DDW would like to enter into partnerships with local LAFCOs to achieve the goal of consolidating non-viable public water systems to ensure all consumers are provided with reliable water that meets all applicable water quality standards. DDW is hoping to collaborate and provide assistance on MSRs LAFCOs must complete and other areas that are appropriate.
Preferred solution—increased customer rate base brings economy of scale, continuous TMF

SB88(Section 116684)—Provides liability protection for the receiving system, whether a voluntary or mandatory consolidation. Noted obstacle in the past.

Technical and financial assistance to be provided to facilitate consolidation.

LAFCo is required to undertake activities after a consolidation and the fees for those technical steps are eligible costs.
The Legislature finds and declares as follows:

(a) It is the policy of the state to encourage orderly growth and development, which are essential to the social, fiscal, and economic well-being of the state. The Legislature recognizes that the logical formation, consolidation, and operation of water systems is an important factor in promoting orderly development and in balancing that development against sometimes competing state interests of discouraging urban sprawl, preserving open space and prime agricultural lands, and efficiently extending other government services. Therefore, the policy of the state should be affected by the logical formation, consolidation, and operation of water systems.

(b) The powers set forth in Section 116682 for consolidation of water systems are consistent with the intent of promoting orderly growth.
New Authority – SB88 Consolidation

- Section 116682(a) – Where a public water system, or state small water system within a disadvantaged community, consistently fails to provide an adequate supply of safe drinking water, the SWRCB may order consolidation with a receiving water system as provided in this section and Section 116684. The consolidation may be physical or operational.
- Funding for the receiving water system must be available.
“Affected residence” means a residence reliant on a water supply that is either inadequate or unsafe.

“Consolidation” means joining two or more public water systems, state small water systems, or affected residences not served by a public water system, into a single public water system.

“Extension of service” means the provision of service through any physical or operational infrastructure arrangement other than consolidation.

“Receiving water system” means the public water system that provides service to a subsumed water system through consolidation or extension of service.

“Subsumed water system” means the public water system, state small water system, or affected residences not served by a public water system consolidated into or receiving service from the receiving water system.
Mandatory Consolidations

SWRCB must find all of the following beforehand:

- The subsumed system consistently fails to provide safe drinking water;
- All reasonable efforts to negotiate consolidation or extension of service were made;
- Consolidating, or extending service, is technically and economically feasible;
- There is no pending local agency formation commission process that is likely to resolve the problem in a reasonable amount of time;
- Water rights and water contract concerns have been adequately addressed;
- Consolidating or extending service is determined to be the most efficient and cost-effective means for providing an adequate supply of safe drinking water; and
- The capacity of the proposed interconnection needed to accomplish the consolidation is limited to serve the existing additional customers.

Consultation with local and state agencies along with outreach to customers within the affected service areas must occur before ordering the consolidation or extension of service.
(1) Consult with the potentially receiving water system and the potentially subsumed water system, if any.

(2) Conduct a public hearing, in a location as close as feasible to the affected communities.

(A) The State Water Resources Control Board shall make reasonable efforts to provide a 30-day notice of the hearing to the ratepayers, renters, and property owners to receive water service through service extension or in the area of the subsumed water system and to all affected local government agencies and drinking water service providers.

(B) The hearing shall provide representatives of the potentially subsumed water system, affected ratepayers, renters, property owners, and the potentially receiving water system an opportunity to present testimony.

(C) The hearing shall provide an opportunity for public comment.
Prop 1 Resources

- Small Community Wastewater – $260 M
- Drinking Water – $260 M
- Water Recycling – $625 M
- These three will be run with current State Revolving Programs and are currently accepting applications.
- Unlimited funds available through SRF Loan program
State Revolving Funds

- Continuous Application Process
- Interest Rates ½ General Obligation Bond Rate: currently DW 1.663% CW 1.6%
- Term: CW 30-years DW DAC 30-years and others 20-years
Summary

- DDW intends to continue seeking voluntary consolidations of SWS.
- DDW would like to collaborate with LAFCo on MSRs to identify possible candidate systems for consolidation.
- DDW would like LAFCo to take the lead on extension of service agreements and annexations with identified systems.
- DDW will ensure that LAFCo is copied on any letters suggesting consolidation negotiations between systems.
- DDW is open to other possible strategies—ideas?