

May 13, 2019

The Honorable Richard Roth
State Capitol, Room 2080
Sacramento, CA 95814

RE: Safe Drinking Water Proposals

Dear Senator Roth,

There are a number of different proposals being considered this year in an attempt to fix the problem of unsafe drinking water in certain disadvantaged regions of the state. This letter is intended to provide a regional perspective on what we believe are the appropriate and effective measures to resolve this dilemma.

As local water agencies serving more than 1,675,000 ratepayers in Riverside County, we are committed to delivering safe and reliable water. Our respective agencies support efforts to ensure safe drinking water for all Californians, especially those in disadvantaged communities. However, taxing Californians for a resource that is essential to life does not make sense, particularly during a time when gas, housing, and higher education costs in California are rising more rapidly than most working families can afford. We support solutions to address the failing water systems in disadvantaged communities while balancing ratepayer concerns and affordability.

Below are the current proposals regarding safe drinking water, along with a brief summary and our respective positions.

SB 414 (Caballero): Small Systems Water Authority Act of 2019 – SUPPORT

SB 414 addresses the core, fundamental issue that is at the heart of providing safe drinking water across the state: governance. SB 414 allows the State Water Resources Control Board to facilitate the consolidation of water systems that consistently fail to provide safe drinking water. The vast majority of these failing water systems serve less than 10,000 people, and most of these systems are within a proximity where consolidation is realistic and feasible. We emphatically support SB 414, as it allows these new Small Systems Water Authorities to have a much larger rate base to pay for projects, staff, and other necessary components to managing effective water agencies. These new systems would also be more transparent, and will be accountable to the public they serve. This approach avoids taxing people from around the state to solve a problem that they did not create.

SB 669 (Caballero): Water quality: Safe Drinking Water Fund – SUPPORT

SB 669 complements SB 414, as it is the funding mechanism that will support the processes laid out in SB 414. SB 669 creates a Safe Drinking Water Trust within the state treasury, with the interest from the trust going into a Safe Drinking Water Fund. The trust would be funded by money from the state's General Fund. This one-time allocation would then accumulate interest, and use that interest to fund activities outlined in SB 414, for the benefit of disadvantaged communities with dysfunctional water systems. This approach avoids a statewide tax of all Californians, and if there is a need to increase the amount of interest being earned by the trust, it can be done so with another General Fund infusion. Moreover, SB 669 funding may be used for the operations and maintenance of failing water systems, as well as assist in paying for consolidations occurring through SB 414.

AB 217 (Garcia): Safe Drinking Water for All Act – OPPOSE UNLESS AMENDED

This legislation is what many have referred to as the “kitchen sink” approach to addressing unsafe drinking water. It has many components within it, including a tax on fertilizer, dairy, and confined animal facilities. It even

includes a safe drinking water trust, of which the legislature would fund \$1 billion over 5 years, with a goal of eventually having \$3 billion in the trust. The problem with AB 217 is that it includes language to tax public water agencies \$0.50 per connection per month, which inevitably leads to increased rates for our customers. It also prohibits agencies from listing the “system charge” (TAX) as a separate line item on customer bills, dictating how agencies come up with their rates and collect this tax from our ratepayers.

AB 134 (Bloom): Safe Drinking Water Restoration – CONCERNED

AB 134 seeks to address the implementation of AB 217 by setting up how the State Water Resources Control Board (State Board) will move forward in solving this problem. This includes requiring the State Board to annually assess the failing systems needing assistance, as well as identifying aquifers that are utilized for drinking water that have high risk of contamination. AB 134 also requires the annual testing of small water systems and domestic wells, and the steps a local health official need to take in order to properly address the failing systems and wells. There are a number of concerning elements to this legislation, but because of the very recent, substantial amendments to AB 134, we have not had time to properly assess this bill.

SB 200 (Monning): Safe and Affordable Drinking Water Fund – WATCH

In its current form, SB 200 simply creates a Safe and Affordable Drinking Fund, and provides opportunities for voluntary contributions to be made into this fund. Senator Monning is the author of SB 623 from 2017-18, which would have created a tax on all public ratepayers across the state of between \$1-\$15 a month (depending on meter size). While Senator Monning has publicly stated that he plans to add a mandatory funding component to SB 200, and is in negotiations with some stakeholders (not water agencies) to develop a bill, we do not expect him to include this language in writing until later in the legislative process. If a statewide tax on water is amended into SB 200, we will oppose it on behalf of our ratepayers.

Budget Trailer Bill on Safe and Affordable Drinking Water – OPPOSE UNLESS AMENDED

Governor Newsom has expressed a strong interest in resolving the issue of unsafe drinking water in the Central Valley this year, and has brought forward a budget trailer bill in both the Assembly and Senate to do this. Within the budget trailer bills, it states that a safe drinking water fund needs to be established that reflects the SB 623 model that was proposed during the 2017-18 legislative session. Unfortunately, that means the inclusion of a water tax, which every public water system ratepayer would be forced to pay. Our ratepayers would likely never receive any tangible benefit for the millions of dollars they would contribute to this fund annually.

As a region, we strongly believe that passage and enactment of SB 669 and SB 414 will help resolve the systemic issues dysfunctional water providers are experiencing, and put them on a road to developing clean, potable water supplies and long-term sustainability. For these reasons, we ask that you **oppose any efforts to create a statewide tax on water and support the SB 414 and SB 669 Safe Drinking Water Fund/Small Systems Water Authority solution.**

Very Respectfully,



Craig Miller
General Manager
**Western Municipal
Water District**



Paul Jones, II
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**Eastern Municipal
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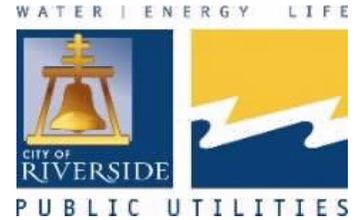
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