



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
H3

For the meeting of: May 15, 2018

Date: May 7, 2018
To: Board of Supervisors
From: Supervisor Mike Wilson
Subject: Discussion on SB 623: Tax on Drinking Water

RECOMMENDATION(S): That the Board of Supervisors discuss SB 623: tax on drinking water, and take appropriate action, if required.

SOURCE OF FUNDING:

DISCUSSION: A proposal to place a state tax on drinking water is before the California Legislature and is being advanced through SB 623. CSAC staff is recommending the CSAC Agriculture, Environmental and Natural Resources Committee take a support position on the measure as it strikes a balance between the "polluter pays" principle, and recognizing that lack of access to safe and affordable drinking water is an issue of statewide significance, and without adequate funding to address these failing systems, it could ultimately fall upon counties to provide the necessary resources to address this issue. Rural County Representatives of California (RCRC) have also expressed their support for SB 623.

However, the Association of California Water Agencies opposes the measure and believes that general fund dollars, in addition to other funding sources should not be used to address this issue. The Humboldt Bay Municipal Water District, the McKinleyville Community Service District and Humboldt Community Serve District strongly opposes the proposed state tax on drinking water as the agency believes that taxing drinking water, an essential life-sustaining resource, is just not sound policy.

The Board of Supervisors will be discussing SB 623 and potential impacts to Humboldt County both positive and negative.

Prepared by Kathy Hayes

Signature 

REVIEW: Auditor _____ County Counsel _____ Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other Board Initiated – 10 minutes

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor _____ Secinded by Supervisor _____
Ayes
Nays
Abstain
Absent

Per Order of the Chair

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: _____

By: _____
Kathy Hayes, Clerk of the Board

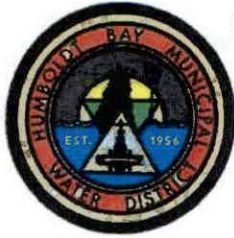
FINANCIAL IMPACT:

OTHER AGENCY INVOLVEMENT:

ALTERNATIVES TO STAFF RECOMMENDATIONS: Board discretion.

ATTACHMENTS:

- Humboldt Bay Municipal Water District Letter Dated February 26, 2018
- Humboldt Bay Municipal Water District Letter Dated April 25, 2018
- McKinleyville Community Services District Letter Dated August 22, 2017
- Humboldt Community Services District Letter Dated February 27, 2018
- Letter to Honorable Bob Wieckowski, and Honorable Richard Bloom, Regarding Budget Trailer Bill
- Memo to CSAC Agriculture, Environmental and Natural Resources Committee
- Funding Alternatives to the Proposed Tax on Drinking Water Information



HUMBOLDT BAY MUNICIPAL WATER DISTRICT

828 SEVENTH STREET, PO BOX 95 • EUREKA, CALIFORNIA 95502-0095

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JOHN FRIEDENBACH

February 26, 2018

The Honorable Bob Wieckowski, Chair
Senate Budget Subcommittee No. 2
State Capitol, Room 4085
Sacramento, CA 95814

The Honorable Richard Bloom, Chair
Assembly Budget Subcommittee No. 3
State Capitol, Room 2003
Sacramento, CA 95814

Re: Proposed Drinking Water Tax: Budget Trailer Bill and SB 623 – OPPOSE UNLESS AMENDED

Dear Chair Wieckowski and Chair Bloom,

I am writing to express our strong opposition to a proposed state tax on drinking water before the California Legislature. The proposal is being advanced through SB 623 by Sen. William Monning (D-Carmel), a two-year bill introduced in 2017, and a Brown Administration budget trailer bill that is based on SB 623.

As a local water agency, we are committed to delivering safe and reliable water. We wholeheartedly support the goal of ensuring safe drinking water for all Californians, especially those in disadvantaged communities. However, taxing Californians for something that is essential to life does not make sense, especially at a time when some are raising concerns about the cost of living in the state. Our agency has serious concerns with requiring California's local water agencies to collect this tax for the state. Simply put, taxing drinking water – an essential life-sustaining resource – is just not sound policy.

As an alternative, we are working to advance a more appropriate package of funding, which would include existing federal funds from the Safe Drinking Water State Revolving Fund (SRF), voter-approved general obligation bonds, the assessments related to nitrates in groundwater proposed in the budget trailer bill and in SB 623, and a limited amount of general fund dollars.

For these reasons, Humboldt Bay Municipal Water District **opposes the budget trailer bill related to a tax on drinking water and SB 623 and respectfully requests your "NO" vote on these measures.**

If you or members of your staff have any questions, please contact me at 707-443-5018 or via email at: friedenbach@hbmwd.com.

Sincerely,


John Friedenbach, General Manager

cc: Members, Senate Budget Subcommittee No. 2
Members, Assembly Budget Subcommittee No. 3
The Honorable William W. Monning
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor
Senator Mike McGuire
Assemblymember Jim Wood
Humboldt County Board of Supervisors



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MICHELLE FULLER, DIRECTOR

GENERAL MANAGER

JOHN FRIEDENBACH

April 25, 2018

Chairman Rex Bohn, Executive Committee
Rural County Representatives of California
1215 K Street, Suite 1650
Sacramento, CA 95814

Re: Proposed Drinking Water Tax: Budget Trailer Bill and SB 623 – OPPOSE UNLESS AMENDED

Dear Rex,

I understand that the Rural County Representatives of California is supportive of SB 623 and similar language contained in the Governor's Budget Trailer Bill.

I am writing to express our District's strong opposition to a proposed state tax on drinking water before the California Legislature. As you know, the proposal is being advanced through SB 623 by Sen. William Monning (D-Carmel), a two-year bill introduced in 2017, and a Brown Administration budget trailer bill that is based on SB 623.

As a local water agency in rural Humboldt County, we are committed to delivering safe and reliable water. We wholeheartedly support the goal of ensuring safe drinking water for all Californians, especially those in rural or disadvantaged communities similar to your native Humboldt County. However, taxing all Californians for something that is essential to life does not make sense, especially at a time when some are raising concerns about the cost of living in the state. Our agency has serious concerns with requiring California's local water agencies to collect this tax for the state. Simply put, taxing drinking water – an essential life-sustaining resource – is just not sound public policy.

As an alternative, we are working collaboratively with other water districts throughout the state to advance a more appropriate package of funding, which would include existing federal funds from the Safe Drinking Water State Revolving Fund (SRF), voter-approved general obligation bonds, the assessments related to nitrates in groundwater proposed in the budget trailer bill and in SB 623, and a limited amount of general fund dollars.

We appreciate your consideration of our alternate viewpoint and that of many water districts across the state including others within Humboldt County. See attached.

Sincerely,

A handwritten signature in blue ink that reads "John Friedenbach".

John Friedenbach
General Manager

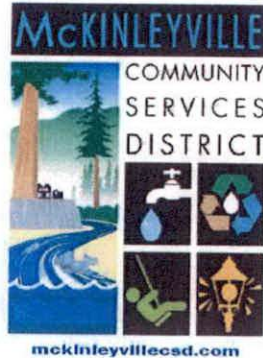
cc: Humboldt County Board of Supervisors

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



MAIN OFFICE:

PHONE: (707) 839-3251
FAX: (707) 839-8456

PARKS & RECREATION OFFICE:

PHONE: (707) 839-9003
FAX: (707) 839-5964

August 22, 2017

The Honorable Lorena S. Gonzalez Fletcher, Chair
Assembly Appropriations Committee
State Capitol, Room 2114
Sacramento, CA 95814

Re: SB 623 (Monning) – OPPOSE UNLESS AMENDED

Dear Assembly Member Gonzalez Fletcher,

On behalf of McKinleyville Community Services District, I am writing to express our opposition to SB 623 (Monning), which would establish a special fund to be administered by the State Water Resources Control Board to assist those who do not have safe drinking water.

While we agree with the goal of assisting disadvantaged communities that do not have safe drinking water, SB 623 needs to be amended to address several fundamental flaws related to funding categories and eligibility, as detailed by the Association of California Water Agencies. Additionally, if language proposing a statewide tax on water, also known as a public goods charge or ratepayer assessment, is amended into the bill, SB 623 would become completely unacceptable to public water agencies.

While there is clearly a need to help fund sensible long-term solutions and assist the disadvantaged communities that do not have safe drinking water, requiring local water agencies across the state to collect a new tax for the state is not the solution. This is a social issue for the state. McKinleyville Community Services District believes that the state's General Fund is an appropriate source of funding for this important social issue.

For these reasons, McKinleyville Community Services District opposes SB 623 and respectfully requests your "NO" vote when the bill is taken up in the Assembly Appropriations Committee.

If you or members of your staff have any questions, please contact me at (707) 839-3251.

Sincerely,

Gregory Orsini
General Manager

cc: The Honorable William Monning
Honorable Members, Assembly Appropriations Committee
Ms. Jennifer Galehouse, Deputy Chief Consultant, Assembly Appropriations Committee
Mr. John Kennedy, Consultant, Assembly Republican Caucus
Ms. Cindy Tuck, ACWA Deputy Executive Director for Governmental Relations

Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service for our customers

February 27, 2018

The Honorable Bob Wieckowski, Chair
Senate Budget Subcommittee No. 2
State Capitol, Room 4085
Sacramento, CA 95814

The Honorable Richard Bloom, Chair
Assembly Budget Subcommittee No. 3
State Capitol, Room 2003
Sacramento, CA 95814

Re: Proposed Drinking Water Tax: Budget Trailer Bill and SB 623 – OPPOSE

Dear Chair Wieckowski and Chair Bloom,

On behalf of the Humboldt Community Services District (District) I am writing to express our strong opposition to a proposed state tax on drinking water before the California Legislature. The proposal is being advanced through SB 623 by Sen. William Monning (D-Carmel), a two-year bill introduced in 2017, and a Brown Administration budget trailer bill that is based on SB 623.

This District has been committed to delivering safe and reliable water for more than 65 years. We wholeheartedly support the goal of ensuring safe drinking water for all Californians, especially those in disadvantaged communities like ours. However, taxing Californians for something that is essential to life is just wrong, especially at a time when many are claiming that California is already one of the highest taxed states in the union.

Our agency has serious concerns with requiring California's local water agencies to collect this tax for the state. We already have our hands full complying with the plethora of other well-intentioned state mandates that do little to ensure a safe and reliable water supply. As the majority of our community is designated disadvantaged, it goes without saying that the District's customers have limited resources to support additional mandates.

There are plenty of other existing and proposed methods of assisting disadvantaged communities such as existing federal funds from the Safe Drinking Water State Revolving Fund (SRF), voter-approved general obligation bonds, the assessments related to nitrates in groundwater proposed in the budget trailer bill and in SB 623, and a limited amount of general fund dollars.

For these reasons, Humboldt Community Services District opposes the budget trailer bill related to a tax on drinking water and SB 623 and respectfully requests your "NO" vote on these measures.

If you or members of your staff have any questions, please contact me at 707.443-4558 or by email at dhull@humboldtcsd.org.

Sincerely,


David Hull
General Manager

cc: Members, Senate Budget Subcommittee No. 2
Members, Assembly Budget Subcommittee No. 3
The Honorable William W. Monning
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor

Updated: April 20, 2018 // Originally Sent: March 7, 2018

The Honorable Bob Wieckowski, Chair
Senate Budget Subcommittee No. 2
State Capitol, Room 4085
Sacramento, CA 95814

The Honorable Richard Bloom, Chair
Assembly Budget Subcommittee No. 3
State Capitol, Room 2003
Sacramento, CA 95814

Re: **Budget Trailer Bill: Safe and Affordable Drinking Water Fund/
TAX ON DRINKING WATER**

Position: **OPPOSE UNLESS AMENDED**

Dear Chair Wieckowski and Chair Bloom:

The below-listed organizations are **OPPOSED UNLESS AMENDED** to the drinking water tax budget trailer bill.

Alameda County Water District	Centerville Community Services District	Dublin San Ramon Services District
Alhambra Chamber of Commerce	Citrus Heights Water District	East Orange County Water District
Amador Water Agency	City of Beverly Hills	East Valley Water District
Anderson-Cottonwood Irrigation District	City of Corona Department of Water and Power	Eastern Municipal Water District
Antelope Valley – East Kern Water Agency	City of Fairfield	Elk Grove Water District
Association of California Water Agencies	City of Garden Grove	El Dorado Irrigation District
Bella Vista Water District	City of Glendale Water and Power	El Toro Water District
Brooktrails Township	City of Newport Beach	Elsinore Valley Municipal Water District
Community Services District	City of Oceanside	Fair Oaks Water District
Browns Valley Irrigation District	City of Redding	Fallbrook Public Utility District
Calaveras County Water District	City of Rialto/Rialto Utility Authority	Foothill Municipal Water District
CalDesal	City of Roseville	Georgetown Divide Public Utility District
California Craft Beer Association	City of San Diego	Glenn-Colusa Irrigation District
California Municipal Utilities Association	City of Santa Rosa	Helix Water District
California Special Districts Association	City of Shasta Lake	Hidden Valley Lake Community Services District
Calleguas Municipal Water District	Claremont Chamber of Commerce	Humboldt Bay Municipal Water District
Camrosa Water District	Coachella Valley Water District	Humboldt Community Services District
Carlsbad Municipal Water District	Coastside County Water District	Idyllwild Water District
Carmichael Water District	Contra Costa Water District	Indian Wells Valley Water District
Casitas Municipal Water District	Crescenta Valley Water District	Indio Water Authority
	Crestline-Lake Arrowhead Water Agency	Irvine Ranch Water District
	Cucamonga Valley Water District	
	Del Paso Manor Water District	
	Desert Water Agency	

ORGANIZATION LIST CONTINUED ON NEXT PAGE

Kern County Water Agency	Palm Ranch Irrigation District	South Coast Water District
Kinneloa Irrigation District	Palmdale Water District	South Tahoe Public Utility District
Kirkwood Meadows Public Utility District	Paradise Irrigation District	Southern California Water Committee
Laguna Beach County Water District	Pico Water District	Stockton East Water District
Lake Hemet Municipal Water District	Placer County Water Agency	Sweetwater Authority
Las Virgenes Municipal Water District	Quartz Hill Water District	Tahoe City Public Utility District
Long Beach Water Department	Rainbow Municipal Water District	Templeton Community Services District
Malaga County Water District	Rancho California Water District	Textile Rental Service Association
Mammoth Community Water District	Regional Water Authority	Three Valleys Municipal Water District
Mariana Ranchos County Water District	Redwood Valley County Water District	Tulare Irrigation District
McKinleyville Community Services District	Richvale Irrigation District	Tuolumne Utilities District
Mendocino County Russian River Flood Control & Water Conservation Improvement District	Rincon del Diablo Municipal Water District	Twain Harte Community Services District
Merced Irrigation District	Rio Alto Water District	United Water Conservation District
Mesa Water District	Rio Linda Elverta Community Water District	Upper Russian River Water Agency
Mid-Peninsula Water District	Rowland Water District	Upper San Gabriel Valley Municipal Water District
Millview County Water District	Sacramento Suburban Water District	Vallecitos Water District
Mission Springs Water District	San Diego County Water Authority	Valley Center Municipal Water District
Mojave Water Agency	San Diego Regional Chamber of Commerce	Valley of the Moon Water District
Monte Vista Water District	San Dieguito Water District	Ventura County Economic Development Association
Municipal Water District of Orange County	San Gabriel County Water District	Vista Irrigation District
Nevada Irrigation District	San Gabriel Valley Economic Partnership	Walnut Valley Water District
North Marin Water District	San Gabriel Valley Municipal Water District	Westlands Water District
North Tahoe Public Utility District	San Juan Water District	Western Canal Water District
Northern California Water Association	Santa Clarita Valley Water Agency	Western Municipal Water District
Olivenhain Municipal Water District	Santa Fe Irrigation District	Yolo County Flood Control Water Conservation District
Orange County Water District	Santa Margarita Water District	Yorba Linda Water District
Orchard Dale Water District	Santa Ynez River Water Conservation District	Yuba County Water Agency
Otay Water District	Improvement District No. 1	Zone 7 Water Agency
Padre Dam Municipal Water District	Scotts Valley Water District	
	Shasta Community Services District	

This budget trailer bill is essentially a modified version of SB 623 (Monning, D-Carmel), which is a 2-year bill. The budget trailer bill would establish a fund to be administered by the State Water Resources Control Board (SWRCB) to assist those who do not have access to safe drinking water. The organizations listed on this letter agree with the intent of the bill. The lack of access to safe drinking water in certain disadvantaged communities is a public health issue and a social issue that the State needs to address. The bill proposes two types of funding: 1) fees related to confined animal facilities excluding dairies (CAFED), fertilizer sales and dairies to address nitrate contamination; and 2) a state-mandated tax on drinking water that the bill would require local water agencies to assess on their local ratepayers and send to Sacramento. **No policy committee has heard the proposed tax. The above-listed organizations oppose the proposal for a tax on drinking water.**

PROBLEMS WITH A TAX ON DRINKING WATER: Following are examples of problems with a tax on drinking water:

1) **Requiring local water agencies and cities across the state to impose a tax on drinking water for the State of California is highly problematic and is not the appropriate response to the problem;**

2) **It is not sound policy to tax something that is essential to life;**

3) **State law sets forth a policy of a human right to water for human consumption that is safe, clean, affordable and accessible. Adding a tax on water works against keeping water affordable for all Californians; and**

4) **It is inefficient for local water agencies across the state to collect the tax and send it to Sacramento. Instead of turning local water agencies into taxation agencies for the state, the above-listed organizations suggest the following funding solution:**

SUGGESTED ALTERNATIVE FUNDING SOLUTION – A FUNDING PACKAGE:

1) **Safe Drinking Water State Revolving Fund (SRF)** – this ongoing federal funding can be used to fund capital costs;

2) **General Obligation (G.O.) Bonds** – SB 5 (de León, 2017), which will be on the June 2018 ballot as Proposition 68, proposes \$250 million for safe drinking and clean water, and another bond initiative which is expected to be on the November ballot proposes \$500 million for safe drinking water. These bonds propose to prioritize the drinking water funding to disadvantaged communities (DACs);

3) **Ag Funding** – the nitrate-related fees proposed in the bill could be used for replacement water, including point-of-use and point-of-entry treatment, for nitrate contamination; and

4) **General Fund** – General Fund funding can fund the non-nitrate operation and maintenance (O&M) costs needs at public water systems in certain DACs.

Everyone in California should have access to safe drinking water. The fact that a small percentage of Californians do not makes this issue a public health and social issue for which the General Fund is an appropriate source of funding as part of the above-suggested funding package.

AMENDMENTS: In addition to including the General Fund as part of a funding package instead of a tax on drinking water, the organizations listed above are suggesting the amendments shown on the attachment to address various concerns regarding this funding measure. The above-listed organizations urge your "No" vote on the budget trailer bill unless the proposed tax on drinking water is removed and replaced with an acceptable funding source.

If you have questions, please contact Cindy Tuck, Deputy Executive Director for Government Relations, Association of California Water Agencies at (916) 441-4545 or at cindy@acwa.com.

cc: The Honorable Governor Edmund G. Brown Jr.
Honorable Members, Senate Budget Subcommittee No. 2
Honorable Members, Assembly Budget Subcommittee No. 3
The Honorable William W. Monning
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor
Ms. Joanne Roy, Consultant, Senate Budget Subcommittee No. 2
Ms. Susan Chan, Consultant, Assembly Budget Subcommittee No. 3
Mr. Trevor Taylor, Legislative Aide, Office of Senator William W. Monning
Ms. Rocel Bettencourt, Budget Consultant, Senate Republican Caucus
Ms. Barbara Gausewitz, Consultant, Assembly Republican Caucus

Attachment
SAFE AND AFFORDABLE DRINKING WATER FUND BUDGET TRAILER BILL
AMENDMENTS SUGGESTED BY
WATER AGENCIES AND WATER ORGANIZATIONS LISTED ON THIS LETTER

- 1) Do NOT include a tax on drinking water. (See Page 3 for the suggested alternative funding solution.)**
- 2) Exclude capital costs as an eligible funding category and focus on funding O&M costs, which are difficult to fund through G.O. bonds and cannot be funded with SRF dollars. (G.O. bonds and the SRF are effective in funding capital costs.)**
- 3) Limit the funding to disadvantaged communities (DACs) and low income domestic well users that do not have access to safe drinking water, consistent with 4) below.**
- 4) Exclude individual domestic wells and “state small water systems” (with 5 to 14 connections) as eligible funding categories (with one exception for nitrate). Data is lacking to support a credible needs assessment. For example, the state does not require owners of private wells to sample their wells, and consequently a comprehensive database for these groundwater sources does not exist. The bill should explicitly exclude these two categories from funding with the exception that funding could be made available for replacement water for individual domestic wells or state small water systems in rural areas of the state for which the local health officer has certified that data documents that the wells for which funding is being sought in that area are contaminated with nitrate. The proposed definition of “replacement water” should be narrowed to make this exception workable. (Bottled water, point-of-use treatment and point-of-entry treatment are reasonable parts of this proposed definition.)**
- 5) Make sure the funding goes to address situations where the water is not safe. For example, the proposed language in Section 116769 references systems that “may be at risk of failing.” Funding for safe drinking water should go to where there are real problems as opposed to going to where there is a chance of a problem.**
- 6) Focus on safe drinking water and recognize that affordability issues are being discussed in the State Water Board’s AB 401 implementation process. The language should be deleted from Section 116769 which would include in the needs assessment all CWSs in DACs that charge fees that exceed the affordability threshold in the Clean Water State Revolving Fund Intended Use Plan (i.e., fees that equal or exceed 1.5 percent of the median household income). The State Water Board is currently developing a plan for a low-income water rate assistance program pursuant to AB 401 (Dodd, 2015), and there are many questions being raised about how affordability thresholds should be determined.**
- 7) Clarify what is intended by the proposed authority for the State Water Board to take “additional action as may be appropriate for adequate administration and operation of the fund.” Instead of simply including this rather vague provision in Section 116768, the bill should be specific as to what this proposed authority is intended to cover.**
- 8) Delete the proposal to give the State Water Board and the Board’s staff broad liability protection as they implement the Fund. No case has been made as to why they should have such protection for this program.**

Updated: May 1, 2018 // Originally Sent: March 7, 2018

The Honorable Bob Wieckowski, Chair
Senate Budget Subcommittee No. 2
State Capitol, Room 4085
Sacramento, CA 95814

The Honorable Richard Bloom, Chair
Assembly Budget Subcommittee No. 3
State Capitol, Room 2003
Sacramento, CA 95814

**Re: Budget Trailer Bill: Safe and Affordable Drinking Water Fund/
TAX ON DRINKING WATER**

Position: OPPOSE UNLESS AMENDED

Dear Chair Wieckowski and Chair Bloom:

The below-listed organizations are **OPPOSED UNLESS AMENDED to the drinking water tax budget trailer bill.**

Alameda County Water District
Alhambra Chamber of
Commerce
Amador Water Agency
Anderson-Cottonwood
Irrigation District
Antelope Valley – East Kern
Water Agency
Association of California Water
Agencies
Bella Vista Water District
Brooktrails Township
Community Services District
Browns Valley Irrigation District
Calaveras County Water District
CalDesal
California Craft Beer
Association
California Municipal Utilities
Association
California Special Districts
Association
Calleguas Municipal Water
District
Camrosa Water District
Carlsbad Municipal Water
District
Carmichael Water District
Casitas Municipal Water
District

Central Basin Municipal Water
District
Centerville Community Services
District
Ceres Chamber of Commerce
Citrus Heights Water District
City of Beverly Hills
City of Corona Department of
Water and Power
City of Fairfield
City of Garden Grove
City of Glendale Water and
Power
City of Newport Beach
City of Oceanside
City of Redding
City of Rialto/Rialto Utility
Authority
City of Roseville
City of San Diego
City of Santa Rosa
City of Shasta Lake
Claremont Chamber of
Commerce
Coachella Valley Water District
Coastside County Water District
Contra Costa Water District
Crescenta Valley Water District
Crestline-Lake Arrowhead
Water Agency

Cucamonga Valley Water
District
Del Paso Manor Water District
Desert Water Agency
Downtown San Diego
Partnership
Dublin San Ramon Services
District
East Orange County Water
District
East Valley Water District
Eastern Municipal Water
District
Elk Grove Water District
El Dorado Irrigation District
El Toro Water District
Elsinore Valley Municipal
Water District
Fair Oaks Water District
Fallbrook Public Utility District
Foothill Municipal Water
District
Georgetown Divide Public
Utility District
Glendora Chamber of
Commerce
Glenn-Colusa Irrigation District
Helix Water District
Hidden Valley Lake Community
Services District

ORGANIZATION LIST CONTINUED ON NEXT PAGE

Humboldt Bay Municipal Water District
Humboldt Community Services District
Idyllwild Water District
Indian Wells Valley Water District
Indio Water Authority
Irvine Ranch Water District
Kern County Water Agency
Kinneloa Irrigation District
Kirkwood Meadows Public Utility District
Laguna Beach County Water District
Lake Hemet Municipal Water District
Las Virgenes Municipal Water District
Long Beach Water Department
Malaga County Water District
Mammoth Community Water District
Mariana Ranchos County Water District
McKinleyville Community Services District
Mendocino County Russian River Flood Control & Water Conservation Improvement District
Merced Irrigation District
Mesa Water District
Mid-Peninsula Water District
Millview County Water District
Mission Springs Water District
Mojave Water Agency
Monte Vista Water District
Municipal Water District of Orange County
Nevada Irrigation District
North Marin Water District
North Tahoe Public Utility District
Northern California Water Association
Olivenhain Municipal Water District

Orange County Water District
Orchard Dale Water District
Otay Water District
Padre Dam Municipal Water District
Palm Ranch Irrigation District
Palmdale Water District
Paradise Irrigation District
Pico Water District
Placer County Water Agency
Quartz Hill Water District
Rainbow Municipal Water District
Rancho California Water District
Regional Water Authority
Redwood Valley County Water District
Richvale Irrigation District
Rincon del Diablo Municipal Water District
Rio Alto Water District
Rio Linda Elverta Community Water District
Rowland Water District
Sacramento Suburban Water District
San Diego County Water Authority
San Diego Regional Chamber of Commerce
San Dieguito Water District
San Gabriel County Water District
San Gabriel Valley Economic Partnership
San Gabriel Valley Municipal Water District
San Juan Water District
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Improvement District No. 1
Scotts Valley Water District

Shasta Community Services District
South Coast Water District
South Tahoe Public Utility District
Southern California Water Committee
Stockton East Water District
Sweetwater Authority
Tahoe City Public Utility District
Templeton Community Services District
Textile Rental Service Association
Three Valleys Municipal Water District
Torrance Area Chamber of Commerce
Tulare Irrigation District
Tuolumne Utilities District
Twain Harte Community Services District
United Water Conservation District
Upper Russian River Water Agency
Upper San Gabriel Valley Municipal Water District
Vallecitos Water District
Valley Center Municipal Water District
Valley of the Moon Water District
Ventura County Economic Development Association
Vista Irrigation District
Walnut Valley Water District
Westlands Water District
Western Canal Water District
Western Municipal Water District
Yolo County Flood Control Water Conservation District
Yorba Linda Water District
Yuba County Water Agency
Zone 7 Water Agency

This budget trailer bill is essentially a modified version of SB 623 (Monning, D-Carmel), which is a 2-year bill. The budget trailer bill would establish a fund to be administered by the State Water Resources Control Board (SWRCB) to assist those who do not have access to safe drinking water. The organizations listed on this letter agree with the intent of the bill. The lack of access to safe drinking water in certain disadvantaged communities is a public health issue and a social issue that the State needs to address. The bill proposes two types of funding: 1) fees related to confined animal facilities excluding dairies (CAFED), fertilizer sales and dairies to address nitrate contamination; and 2) a state-mandated tax on drinking water that the bill would require local water agencies to assess on their local ratepayers and send to Sacramento. **No policy committee has heard the proposed tax. The above-listed organizations oppose the proposal for a tax on drinking water.**

PROBLEMS WITH A TAX ON DRINKING WATER: Following are examples of problems with a tax on drinking water:

- 1) **Requiring local water agencies and cities across the state to impose a tax on drinking water for the State of California is highly problematic and is not the appropriate response to the problem;**
- 2) **It is not sound policy to tax something that is essential to life;**
- 3) **State law sets forth a policy of a human right to water for human consumption that is safe, clean, affordable and accessible. Adding a tax on water works against keeping water affordable for all Californians; and**
- 4) **It is inefficient for local water agencies across the state to collect the tax and send it to Sacramento. Instead of turning local water agencies into taxation agencies for the state, the above-listed organizations suggest the following funding solution:**

SUGGESTED ALTERNATIVE FUNDING SOLUTION – A FUNDING PACKAGE:

- 1) **Safe Drinking Water State Revolving Fund (SRF)** – this ongoing federal funding can be used to fund capital costs;
- 2) **General Obligation (G.O.) Bonds** – SB 5 (de León, 2017), which will be on the June 2018 ballot as Proposition 68, proposes \$250 million for safe drinking and clean water, and another bond initiative which is expected to be on the November ballot proposes \$500 million for safe drinking water. These bonds propose to prioritize the drinking water funding to disadvantaged communities (DACs);
- 3) **Ag Funding** – the nitrate-related fees proposed in the bill could be used for replacement water, including point-of-use and point-of-entry treatment, for nitrate contamination; and
- 4) **General Fund** – General Fund funding can fund the non-nitrate operation and maintenance (O&M) costs needs at public water systems in certain DACs.

Everyone in California should have access to safe drinking water. The fact that a small percentage of Californians do not makes this issue a public health and social issue for which the General Fund is an appropriate source of funding as part of the above-suggested funding package.

AMENDMENTS: In addition to including the General Fund as part of a funding package instead of a tax on drinking water, the organizations listed above are suggesting the amendments shown on the attachment to address various concerns regarding this funding measure. The above-listed organizations urge your "No" vote on the budget trailer bill unless the proposed tax on drinking water is removed and replaced with an acceptable funding source.

If you have questions, please contact Cindy Tuck, Deputy Executive Director for Government Relations, Association of California Water Agencies at (916) 441-4545 or at cindy@acwa.com.

cc: The Honorable Governor Edmund G. Brown Jr.
Honorable Members, Senate Budget Subcommittee No. 2
Honorable Members, Assembly Budget Subcommittee No. 3
The Honorable William W. Monning
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor
Ms. Joanne Roy, Consultant, Senate Budget Subcommittee No. 2
Ms. Susan Chan, Consultant, Assembly Budget Subcommittee No. 3
Mr. Trevor Taylor, Legislative Aide, Office of Senator William W. Monning
Ms. Rocel Bettencourt, Budget Consultant, Senate Republican Caucus
Ms. Barbara Gausewitz, Consultant, Assembly Republican Caucus

Attachment
SAFE AND AFFORDABLE DRINKING WATER FUND BUDGET TRAILER BILL
AMENDMENTS SUGGESTED BY
WATER AGENCIES AND WATER ORGANIZATIONS LISTED ON THIS LETTER

- 1) Do NOT include a tax on drinking water. (See Page 3 for the suggested alternative funding solution.)**
- 2) Exclude capital costs as an eligible funding category and focus on funding O&M costs, which are difficult to fund through G.O. bonds and cannot be funded with SRF dollars. (G.O. bonds and the SRF are effective in funding capital costs.)**
- 3) Limit the funding to disadvantaged communities (DACs) and low income domestic well users that do not have access to safe drinking water, consistent with 4) below.**
- 4) Exclude individual domestic wells and “state small water systems” (with 5 to 14 connections) as eligible funding categories (with one exception for nitrate). Data is lacking to support a credible needs assessment. For example, the state does not require owners of private wells to sample their wells, and consequently a comprehensive database for these groundwater sources does not exist. The bill should explicitly exclude these two categories from funding with the exception that funding could be made available for replacement water for individual domestic wells or state small water systems in rural areas of the state for which the local health officer has certified that data documents that the wells for which funding is being sought in that area are contaminated with nitrate. The proposed definition of “replacement water” should be narrowed to make this exception workable. (Bottled water, point-of-use treatment and point-of-entry treatment are reasonable parts of this proposed definition.)**
- 5) Make sure the funding goes to address situations where the water is not safe. For example, the proposed language in Section 116769 references systems that “may be at risk of failing.” Funding for safe drinking water should go to where there are real problems as opposed to going to where there is a chance of a problem.**
- 6) Focus on safe drinking water and recognize that affordability issues are being discussed in the State Water Board’s AB 401 implementation process. The language should be deleted from Section 116769 which would include in the needs assessment all CWSs in DACs that charge fees that exceed the affordability threshold in the Clean Water State Revolving Fund Intended Use Plan (i.e., fees that equal or exceed 1.5 percent of the median household income). The State Water Board is currently developing a plan for a low-income water rate assistance program pursuant to AB 401 (Dodd, 2015), and there are many questions being raised about how affordability thresholds should be determined.**
- 7) Clarify what is intended by the proposed authority for the State Water Board to take “additional action as may be appropriate for adequate administration and operation of the fund.” Instead of simply including this rather vague provision in Section 116768, the bill should be specific as to what this proposed authority is intended to cover.**
- 8) Delete the proposal to give the State Water Board and the Board’s staff broad liability protection as they implement the Fund. No case has been made as to why they should have such protection for this program.**



May 17th, 2018

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To: CSAC Agriculture, Environment and Natural Resources (AENR) Policy Committee
From: Cara Martinson, Senior Legislative Representative, Federal Affairs Manager
Nick Cronenwett, Legislative Analyst

Re: SB 623 (Monning) Water quality: Safe and Affordable Drinking Water

Summary. SB 623, by Senator Bill Monning, would create new charges on drinking water customers and certain agricultural entities to generate revenue to implement a new financial assistance program to address unsafe drinking water, with a focus on disadvantaged communities. The measure proposes to establish a new program—the Safe and Affordable Drinking Water Fund (SADWF)—to be administered by the State Water Resources Control Board (SWRCB) and designed to increase access to safe drinking water. Specifically, the program would provide certain local water agencies—particularly ones in disadvantaged communities—with grants, loans, contracts, or services to help support their operations and maintenance costs. Currently, this measure is also included as part of the Governor’s proposed FY 18-19 State Budget. This proposal is strongly supported by a unique coalition of agriculture and environmental justice advocates and is opposed by the Association of California Water Agencies.

CSAC Staff Recommendation. While CSAC does not have specific policy on a statewide water tax, the CSAC AENR platform does recognize the statewide funding challenges and needs that involve stormwater, flood control, drinking water and groundwater management requirements and compliance with water conservation requirements. In addition, CSAC, in conjunction with our County Environmental Health Directors, has been working with the Administration over the years to discuss pragmatic and practical approaches to addressing this critical public health and equity issue – access to safe and affordable water. CSAC staff recommends that the AENR Committee take a support position on this measure as it strikes a balance between the “polluter pays” principle, and recognizing that lack of access to safe and affordable drinking water is an issue of statewide significance. Furthermore, without adequate funding to address these failing systems, it could ultimately fall upon counties to provide the necessary resources to address this issue.

Background. According to a 2017 Assembly Appropriations Committee analysis of SB 623, over 300 drinking water systems, serving 200,000 Californians, are failing to provide safe drinking water. Many of these systems are found in the Central Valley, where water supplies have been contaminated by pesticides, arsenic and other toxins that have seeped into the water table. In addition to pollution issues, many of these small communities lack the rate payer base to provide adequate revenue for the ongoing maintenance and operations costs of water treatment plants. This can lead to drastically increased water rates. Bonds, grants, and other funding sources are available to help finance the construction of infrastructure, but often once these plants are built there are not enough users to pay for ongoing maintenance and operations. This can lead to sharp increases in water rates for small communities. For example the Alpaugh Community Services District, located in Tulare County, has proposed raising water rates 26% over the next several years in order to pay for the operation of a new water treatment facility which was paid for by a state grant.

County Responsibilities. Counties also regulate these systems. At the local level, 30 of the 58 county environmental health departments in California, also known as Local Primacy Agencies (LPAs), have been delegated the State Water Board's authority to regulate all Public Water Systems within their jurisdiction that have less than 200 service connections. These 30 LPAs regulate small water systems to ensure that these systems deliver adequate and safe drinking water. The LPA primacy counties are as follows: Alpine, Amador, Butte, Calaveras, Contra Costa, El Dorado, Imperial, Inyo, Kings, Los Angeles, Madera, Mono, Monterey, Napa, Nevada, Placer, Plumas, Riverside, Sacramento, San Bernardino, San Diego, San Joaquin, San Luis Obispo, Santa Barbara, Santa Cruz, Shasta, Stanislaus, Tehama, Yolo, and Yuba.

The bill also requires the State Water Board to work in conjunction with local public health officers to make available a map of aquifers that are at high risk of containing contaminants that are used or likely to be used as a source of drinking water for certain smaller water systems and domestic wells. This would include identification of water systems potentially in need of assistance to address water contamination issues. The County Environmental Health Officers Association is seeking technical amendments to this section that would lessen the burden of data collection by requiring that certain data be collected and/or provided upon request of SWRCB rather than mandated.

Fees. If adopted, the proposal is expected to generate roughly \$100 million per year by imposing a tax of \$0.95 a month on individuals that purchase water from a public water system (any retail customer with a water meter). The fee paid by users would be determined by a sliding schedule based the size of a user's water connection; businesses with a connection greater than four inches could pay up to \$10 a month for larger connections. The proposal includes an exemption for households whose income is less than 200 percent of the federal poverty level.

In addition, the proposal includes several fees on industry, including: a mill fee of six "mills" (equal to six-tenths of a cent) per dollar on the sale of all fertilizer; a charge on milk producers beginning January 2021; and, a charge on confined animal facilities—excluding dairies—such as egg-production facilities. The charges are capped at \$1,000 per facility per year. Furthermore, the proposal includes immunity from enforcement action against agricultural operations for exceeding nitrate groundwater objectives or other groundwater pollution standards if the agricultural operation demonstrates implementation of best practicable treatment control, and pays the charges required by this proposal.

In total, the fees are expected to generate roughly \$100 million from water users, \$17 million from fertilizer producers, and \$5.3 million from dairy producers in the first years of implementation, totaling \$122.3 million. The revenue generated from these fees would be placed into a fund and administered by the State Water Resources Control Board's Office of Sustainable Water Solutions. Funds would be prioritized to assist disadvantaged communities and low-income households served by a water system with less than 14 connections. Funding would be prioritized to support operations and maintenance costs, as well as capital costs associated with water system consolidation and service extensions. Allowable uses would include providing replacement water on a short-term basis, as well as the development, implementation, maintenance, and operation of more permanent solutions (such as treatment systems).

Support and Opposition. The coalition of agriculture, dairy and environmental advocates supporting this measure came together late in the Legislative session last year. Agriculture and dairy interests are supportive of the fees imposed on their industries through this proposal in exchange for

some relief from enforcement. Environmental justice advocates support the measure because it provides certainty and generates a more consistent source of funding for these systems. The Rural County Representatives of California have also expressed their support for SB 623.

The third major group involved in negotiations of this proposal is the public water agencies whose users would pay a bulk of the fee. This measure is opposed by the Association of California Water Agencies (ACWA). ACWA supports the intent of the bill, but believes that general fund dollars, in addition to other funding sources should be used to address the issue. ACWA also opposes language that would require testing of private wells and small water systems (which have less than 15 connections) for water contamination.

Staff Contact. For additional information, please contact Cara Martinson, CSAC Senior Legislative Representative at 916-327-7500, ext. 504, or cmartinson@counties.org, or Nick Cronenwett, CSAC Legislative Analyst at 916-327-7500, ext. 531, or ncronenwett@counties.org.

Funding Alternatives to the Proposed Tax on Drinking Water*

Introduction

The Association of California Water Agencies (ACWA)-led “Oppose-Unless-Amended” coalition agrees on the intent of SB 623 (Monning) and the Administration’s budget trailer bill, which would establish a fund to assist those who do not have access to safe drinking water. The proposed tax on drinking water, however, is not the right solution. The following are credible funding alternatives to the proposed tax on drinking water and a tool to help improve safe drinking water.

Funding Alternatives

1. Current “Oppose Unless Amended” Coalition Funding Proposal

The first alternative to the proposed drinking water tax is the Safe Drinking Water Funding Package, which is the current funding proposal by the coalition. This funding package is comprised of ongoing federal safe drinking water funds, general obligation bond funds, the assessments related to nitrates in groundwater proposed in the budget trailer bill and SB 623, and a limited amount of state general fund dollars. (Attachment 1)

2. Safe and Affordable Drinking Water Trust

The creation of an irrevocable trust is the second alternative. The trust would be held for the sole purpose of providing funding for safe and affordable drinking water. (Attachment 2)

3. Lease Revenue Bonds for Safe Drinking Water

The third alternative is lease revenue bonds issued for safe drinking water. (Attachment 3)

4. Cap and Trade Allocation for Safe Drinking Water

The fourth alternative is to allocate a percentage of Cap and Trade funding via continuous appropriation for safe drinking water. (Attachment 4)

Other Tools

1. Governance Solution

AB 2050 (Caballero, 2018), the Small System Water Authority Act of 2018, would propose a local solution for consolidation of non-compliant public water systems based on regional governance and administration.

Contact: Cindy Tuck, ACWA, cindy@acwa.com, (916) 441-4545

*These funding alternatives would not supplant the agricultural funding proposed in SB 623 and the budget trailer bill. Rather, one or more of these funding alternatives would replace the proposed drinking water tax.

Funding Alternative #1 to the Proposed Tax on Drinking Water

Safe Drinking Water Funding Package

<u>Funding Source</u>	<u>Funding Type</u>	<u>Funding Amount</u>
Safe Drinking Water State Revolving Funding (Federal)	Capital	<u>Part of \$81 million¹</u>
General Obligation Bonds	Capital	Proposition 68 <u>\$250 million²</u> and/or Water Supply/Quality Bond: <u>\$500 million³</u>
<u>BUDGET TRAILER BILL / SB 623 (Monning)</u>		
Nitrate Assessment	Nitrate: <ul style="list-style-type: none"> • Replacement Water • Point of Use Treatment • Point of Entry Treatment 	Approximately <u>\$30 million per year</u>
General Fund	Operation and Maintenance for Public Water Systems	Approximately <u>\$34.44 million per year⁴</u>

¹ \$81 million is estimated SDW SRF Total for California for 2018. Part of this would go to capital costs for disadvantaged communities

² For both safe drinking water and clean water

³ For safe drinking water

⁴ State Water Board's estimate for annual non-nitrate O&M costs for public water systems

Funding Alternative #2 to the Proposed Tax on Drinking Water* in the Budget Trailer Bill

Irrevocable Safe and Affordable Drinking Water Trust

The establishment of an Irrevocable Safe and Affordable Drinking Water Trust is a viable alternative to a tax on drinking water because it could provide a stable and perpetual source of funding. The Irrevocable Safe and Affordable Drinking Water Trust could provide a targeted amount of revenue each year into perpetuity to fund safe drinking water solutions for disadvantaged communities and low-income residents. For example, the targeted annual funding generated from the trust could be \$50 million per year.

In general, an irrevocable trust is a mechanism into which an entity or person (the grantor) places assets for the benefit of a designated beneficiary. Once the grantor places the assets into an irrevocable trust, the assets cannot be removed. Instead, the trust assets, which comprise the trust's principal, are managed by a trustee who invests the principal and make distributions from the trust for the benefit of the beneficiary. Trustees have fiduciary duties, responsibilities and obligations to trust beneficiaries.

One type of irrevocable trust is a charitable trust. A charitable trust is a trust designed to advance a charitable or governmental purpose. In the case of the Irrevocable Safe and Affordable Drinking Water Trust, the trust would be created as an irrevocable charitable trust designed to advance the governmental purpose of providing a continual source of funding for drinking water solutions for disadvantaged communities and low-income residents which currently do not have access to safe drinking water. The primary purpose of the Irrevocable Safe and Affordable Drinking Water Trust would be to provide a perpetual source of funding of at least \$50 million dollars each year to the Safe and Affordable Drinking Water Fund.

How the Irrevocable Trust Would Work:

- 1) The Irrevocable Safe and Affordable Drinking Water Trust Fund would be established in the State Treasury and be designated as the fund which would hold the funds placed into the Irrevocable Safe and Affordable Drinking Water Trust.
- 2) To generate \$50 million per year, the one-time sum of \$725 million would be irrevocably transferred in Fiscal Year 2018-19 from the General Fund to the Irrevocable Safe and Affordable Drinking Water Trust Commission (the Commission) for deposit in the Irrevocable Safe and Affordable Drinking Water Trust Fund. This funding would serve as

the trust's principal. (The \$725 million amount is based on an assumption of a 6.5 percent annual rate of return.)

- 3) The Commission would serve as the trustee for the trust and would consist of 3 members and would be comprised of the State Treasurer, the Lieutenant Governor and the State Controller.
- 4) The Commission would invest the trust principal. If the net income earned by the trust during the previous fiscal year is less than or equal to \$50 million, the trustee would deposit the entire value of the net income into the Safe and Affordable Drinking Water Fund for the benefit of the trust's beneficiary.
- 5) If the net income earned by the trust during the previous fiscal year was greater than \$50 million, the trustee would deposit \$50 million into the Safe and Affordable Drinking Water Fund and would split the remaining portion of the net income between the Safe and Affordable Drinking Water Fund and the trust principal. Increasing the size of the trust principal would enable the trust to generate more money annually for transfer to the Safe and Affordable Drinking Water Fund.
- 6) The trustee and others would be statutorily restricted from drawing down the trust principal.

*This funding alternative would not supplant the agricultural funding proposed in SB 623 and the budget trailer bill. Rather, this funding alternative would replace the proposed drinking water tax.

Funding Alternative #3 to the Proposed Tax on Drinking Water* in the Budget Trailer Bill

Lease Revenue Bonds for Safe Drinking Water

During the height of the budget crisis in 2008, the Legislature authorized the issuance of Lease Revenue Bonds through AB 900 to pay for a variety of costs related to the building of new prisons. A Lease Revenue Bond (LRB) can be generally described as a loan made to the State that is repaid by revenue generated by the project.

Under AB 900, the state envisioned that the Department of Public Works would design and build the prison and incur the debt, and the Department of Corrections would generate the "revenue" to repay the debt. In the case of AB 900, the "revenue" was a transfer of money between two government agencies, and the money came from the General Fund.

Based on a presentation provided by the Treasurer's office on their website, the issuer of an LRB – in this case the State - covenants to appropriate annual lease payments from the General Fund to meet the lease obligations. In this proposal, there would be a commitment of the new revenue from the agricultural taxes proposed in the bill, and revenue would ultimately be deposited in the General Fund. The financial instrument would be structured as lease revenue bonds or "certificates of participation" ("COPs") that are not subject to constitutional debt limits per a lease exception. Unlike General Obligation bonds, no voter approval of the bond issuance is required. Of course, the disadvantage is that the debt payments compete with other General Fund priorities.

These types of bonds are often used for projects of general community benefit and to indirectly leverage a General Fund revenue stream. These bonds are often used to provide "credit enhancement" for less credit-worthy borrowing for desired "risk sharing." Under the LRB alternative financing concept, the State Water Resources Control Board would ask the Board of Public Works to issue Revenue Bonds up to an amount to be determined. The proceeds from the bonds could be used to fund operation and maintenance costs. Capital projects could be constructed with the use of ongoing federal funds and General Obligation bond funding. The debt for the bonds would be securitized by the ongoing cash flow from the agricultural taxes in the budget trailer bill along with a one-time appropriation of General Fund money into a special account –the ultimate guarantor would be the General Fund. All of the funds would be continuously appropriated to pay off the debt obligations.

By the issuance of the LRBs that would be securitized with the already-proposed agricultural tax revenues, this approach ensures that the money would only be spent for the desired purpose.

*This funding alternative would not supplant the agricultural funding proposed in SB 623 and the budget trailer bill. Rather, this funding alternative would replace the proposed drinking water tax.

Funding Alternative #4 to the Proposed Tax on Drinking Water* in the Budget Trailer Bill

Cap-and-Trade Allocation for Safe Drinking Water

In 2017, the Legislature passed, and Governor Brown signed into law, AB 398 (Garcia) which extended the State's authority to operate a Cap-and-Trade program through 2030. AB 398 passed by a two-thirds vote which was significant in the context of Proposition 26 requirements.

The Cap-and-Trade program generates revenue annually from the sale of allowances to entities which emit greenhouse gas (GHG) emissions and which need the allowances to continue to emit GHG emissions. By reducing the number of allowances issued over time, the State limits the ability of emission sources to continue emitting. The Legislative Analyst's Office (LAO) has estimated that the program will bring in anywhere from \$2 to \$7 billion annually between 2018 and 2030.

The Governor's Proposed Budget for Fiscal Year 2018-19 includes a \$2.8 billion Cap-and-Trade expenditure plan. \$1.3 billion of this amount is "discretionary" spending which is not subject to continuous appropriation. A small portion of this revenue could be appropriated with a majority vote to fund drinking water solutions for disadvantaged communities and low-income residents who do not have access to safe drinking water. Revenue from the program could also be used to supplement or backstop any other alternative proposal.

Providing clean drinking water to disadvantaged communities is consistent with the historic emphasis on using Cap-and-Trade revenue to benefit these communities. It would also help eliminate the need for some of these communities to rely on the transportation of bottled water or shipped water in order to have access to safe drinking water – thereby resulting in a reduction of GHG emissions.

*This funding alternative would not supplant the agricultural funding proposed in SB 623 and the budget trailer bill. Rather, this funding alternative would replace the proposed drinking water tax.

Date of Hearing: July 11, 2017

ASSEMBLY COMMITTEE ON ENVIRONMENTAL SAFETY AND TOXIC MATERIALS

Bill Quirk, Chair

SB 623 (Monning) – As Amended July 3, 2017

SENATE VOTE: 39-0

SUBJECT: Water quality: Safe and Affordable Drinking Water Fund

SUMMARY: Creates the Safe and Affordable Drinking Water Fund, administered by the State Water Resources Control Board (State Water Board), to assist communities and individual domestic well users to address contaminants in drinking water that exceed safe drinking water standards. Specifically, **this bill:**

- 1) Finds that to ensure that the right of every Californian to have sufficient clean, safe, affordable, and accessible water, it is in the interest in the State of California to identify water quality threats in the state's drinking water supply, whether those supplies serve a public water system, state small water system, or an individual domestic well.
- 2) Defines "individual domestic well" as a groundwater well used to supply water for the domestic needs of an individual residence or small water systems of four or less service connections.
- 3) Requires the State Water Board, by January 1, 2019, to promulgate regulations to require state small water systems and individual domestic wells to test their water supply wells for contamination. Requires the State Water Board to prioritize testing based on local water quality conditions and requires the State Water Board to review these regulations at least every five years.
- 4) Defines "Disadvantaged community" as an entire service area of a community water system, or a community therein, in which the median household income is less than 80 percent of the statewide average.
- 5) Creates the Safe and Affordable Drinking Water Fund (Fund) in the State Treasury and continuously appropriates all moneys in the Fund to the Office of Sustainable Water Solutions within the State Water Board, without regard to fiscal years.
- 6) Requires the State Water Board to administer the Fund to provide a stable source of funding to assist communities and individual domestic well users to address contaminants in drinking water that exceed safe drinking water standards. Requires the State Water Board to prioritize the use of this funding to assist low-income communities and low-income individual domestic well users, and to prioritize funding for costs other than those related to capital construction costs. Requires expenditure of the fund to be consistent with the annual fund implementation plan developed by the State Water Board.
- 7) Requires the State Water Board to expend moneys in the fund for grants, loans, contracts, or services to assist those communities and individual domestic well owners that rely on contaminated drinking water to have access to safe and affordable drinking water. Expenditures can be any of the following: replacement water; long-term solutions to

replacing or treating contaminated wells; testing drinking water quality of individual domestic wells serving low-income households; and, identifying those Californians without access to safe drinking water who are eligible to receive assistance from the Fund and provide outreach to them.

- 8) Eligible applicants for receiving funds include public agencies, nonprofit organizations, public utilities, federally recognized Indian tribes, state Indian tribes listed on the Native American Heritage Commission's California tribal consultation list, groundwater sustainability agencies, and mutual water companies.
- 9) States the intent of the Legislature to further amend this bill to subsequently seek specific funding from agricultural operations to assist in providing emergency, interim, and long-term assistance to community water systems and individual domestic wells users whose wells have been impacted by nitrate contamination and whose wells are located in agricultural areas.
- 10) Requires the State Water Board, annually, to do all of the following:
 - a) Prepare and make available a report of expenditures from the Fund;
 - b) Adopt, after a public hearing, an assessment of funding needed to ensure all Californians have access to safe drinking water; and,
 - c) Adopt, after a public hearing, a Fund implementation plan (Plan) with priorities and guidelines for expenditures of the Fund.
- 11) Requires the State Water Board to work with a multi-stakeholder advisory group that shall be open to participation by representatives of entities paying into the Fund, public water systems, technical assistance providers, local agencies, affected persons, nongovernmental organizations, and the public, to establish priorities for the Plan. Requires the Plan to prioritize eligibility for expenditures from the Fund based on the following:
 - a) A water system, that qualifies as a disadvantaged community, and whose current or projected water rates needed to ensure safe drinking water exceed or will exceed 1.5 percent of the median household income for that water system; and,
 - b) An individual domestic well owner, whose costs of providing potable water exceed or will exceed 1.5 percent of its household's income and its household's income is less than 80 percent of the statewide household median income.
- 12) Defines an "agricultural operation" as either a discharger that is an owner, operator, or both, of land that is irrigated to produce crops or pasture for commercial purposes or a nursery, and is enrolled or named in an irrigated lands regulatory program order adopted by the State Water Board or Regional Water Quality Control Board (Regional Water Board); or a discharger that is an owner, operator, or both, of a facility that is used for the raising or harvesting of livestock, and is enrolled or named in an order regulating discharges of water from a facility to protect ground and surface water, adopted by the State Water Board or Regional Water Board.

- 13) States that an "agricultural operation" does not include a facility that processes crops or livestock; a facility that manufactures, synthesizes, or processes fertilizer; or, any portion of land or activities occurring on those portions of land that are not covered by an order adopted by the State Water Board or Regional Water Board.
- 14) States that discharges of nitrate from agricultural operations could reach groundwater and could cause or contribute to exceedances of drinking water standards for nitrate, and could cause conditions of pollution or nuisance in those waters.
- 15) States that nitrate contamination of groundwater impacts drinking water sources for hundreds of thousands of Californians and it is necessary to protect current and future drinking water users from the impacts of nitrate contamination.
- 16) Requires the Regional Water Boards to continue to regulate discharges to reduce nitrogen loading and protect beneficial uses of water and groundwater basins.
- 17) Requires the State Water Board, Regional Water Boards, and courts to ensure compliance with orders to regulate discharges to reduce nitrogen loading and to protect beneficial uses of water and groundwater basins.
- 18) Requires dischargers to pay for mitigation of pollution by funding replacement water for affected communities.
- 19) States that this bill will be subsequently amended to establish an agricultural assessment to be paid by agricultural operations for a period of 15 years to provide funding, as a portion of the Fund, for alternative supplies of safe drinking water to persons affected by discharges of nitrogen from agricultural operations.
- 20) States the intent of the Legislature to limit enforcement actions that a Regional Water Board or the State Water Board could otherwise initiate, during a period of 15 years, against an agricultural operation paying the agricultural assessment.
- 21) Prohibits the State Water Board or Regional Water Boards from undertaking or initiating an enforcement action against an agricultural operation for causing or contributing to an exceedance of a water quality objective for nitrate in groundwater or for causing or contributing to a condition of pollution or nuisance for nitrates in groundwater if an agricultural operation that discharges or threatens to discharge, or has discharged or previously threatened to discharge, nitrate to groundwater demonstrates that it has satisfied all of the following mitigation requirements:
 - a) The agricultural operation has timely paid any fee, assessment, or charge into the Fund, or, an applicable agricultural assessment is providing funding into the Fund;
 - b) The agricultural operation is in compliance with all applicable provisions prescribed in an order adopted by the State Water Board or Regional Water Board, including but not limited to: requirements to implement best practicable treatment or control; best efforts, monitoring, and reporting requirements; and, timelines.
 - c) The agricultural operation is in compliance with an applicable program of implementation for achieving groundwater quality objectives for nitrate that is part of an

applicable water quality control plan adopted by the State Water Board or Regional Water Board.

- 22) Provides that within the mitigation requirement for an agricultural operation to comply with an order by the State Water Board or Regional Water Board, the order shall not include a prohibition on causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or a condition of pollution or nuisance for nitrate in groundwater.
- 23) Provides that an agricultural operation does not meet the mitigation requirements needed for the enforcement exemption if the agricultural operation has been the subject to an enforcement action within the preceding twelve months for any violation of an order authorizing discharges from agricultural operations.
- 24) Provides that an agricultural operation does meet the mitigation requirements needed for the enforcement exemption if it was subject to an enforcement action commenced after January 1, 2016, and before January 1, 2018, alleging that a discharge from an agricultural operation caused or contributed, or threatened to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater, conditions of pollution or nuisance for nitrate in groundwater, or both.
- 25) Prohibits an agricultural operation, that maintains a continuance of a farming operation, from qualifying for the enforcement exemption if it fails to continue to make payments into the Fund.
- 26) Provides that both of the following apply to a discharge of nitrogen by an agricultural operation that occurs when the discharge is in full compliance with the mitigation requirements:
 - a) The discharge shall not be admissible in a future enforcement action against the agricultural operation by the State Water Board or Regional Water Board to support a claim that the agricultural operation is causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or a condition of pollution or nuisance for nitrate in groundwater; and,
 - b) The discharge shall not be considered by the State Water Board or a Regional Water Board to apportion responsibility and shall not be used by any person to diminish responsibility in any enforcement action initiated with respect to discharges of nitrogen, regardless of source, that did not occur in compliance with the mitigation requirements.
- 27) Provides that the enforcement exemption to agricultural operations does not alter the State Water Board's or Regional Water Board's authority to require or conduct investigations, to require reports on or to establish other requirements for best practicable treatment or control, or to require monitoring and reporting requirements to protect water quality.
- 28) Provides that the enforcement exemption to agricultural operations does not change or alter a water quality objective that is part of a water quality control plan adopted by the State Water Board or Regional Water Board.

- 29) Provides that enforcement relief for agricultural operations and mitigation requirements will no longer be in effect as of January 1, 2028.
- 30) Provides that nothing in the bill limits the liability of a discharger under any other law, including, but not limited to, the state's nuisance laws.
- 31) Provides for more limited enforcement relief, beginning on January 1, 2028 and ending on January 1, 2033, for agricultural operations, if those agricultural operations meet specified mitigation requirements.

EXISTING LAW:

- 1) Establishes the California Safe Drinking Water Act (California SDWA) and requires the State Water Board to maintain a drinking water program. (Health & Safety Code (HSC) § 116270, *et seq.*)
- 2) Requires, pursuant to the federal SDWA and California SDWA, drinking water to meet specified standards for contamination (maximum contaminant levels, or MCLs) as set by the United States Environmental Protection Agency (US EPA) or the State Water Board. (HSC § 116270, *et seq.*)
- 3) Establishes as the policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. (Water Code (WC) § 106.3)
- 4) Establishes the Porter-Cologne Water Quality Control Act, which prohibits the discharge of pollutants to surface waters unless the discharger obtains a permit from the State Water Board. (WC § 1300 *et seq.*)
- 5) Requires a person discharging waste, or proposing to discharge waste, within any region that could affect the quality of the waters of the state, to report the discharge to the Regional Water Board. (WC § 13260).
- 6) Authorizes the State Water Board and Regional Water Boards to waive discharge requirements as to a specific discharge or type of discharge if the State Water Board or Regional Water Board determines that the waiver is consistent with any applicable state or regional water quality control plan and is in the public interest. (WC § 13269)
- 7) Establishes MCLs for the various forms of nitrate. (California Code of Regulations § 63341)

FISCAL EFFECT: Unknown.

COMMENTS:

Need for the bill: According to the author,

"Section 106.3 of the Water Code declares that every Californian has the right to sufficient clean, safe, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. However, drinking water safety and affordability issues currently affect

California communities across the state, with low-income communities and communities of color experiencing the greatest impact.

Recent data by the State Water board identified roughly 300 California public water systems serving communities and schools that are currently out of compliance with drinking water standards, some of which have been unable to provide safe drinking water for years, including some for more than a decade. These systems serve 692,807 people, or almost 1.8% of all Californians.

The lack of a sustainable funding source means disadvantaged communities and others have no outside support to draw upon, forcing their typically small, rural and/or socioeconomically disadvantaged ratepayer bases to bear the entire cost of ongoing drinking water treatment. As a result, disadvantaged communities and others in need of drinking water treatment may be unable to meet drinking water standards because they are unable to afford the cost of drinking water treatment, or their drinking water rates may be over 1.5% of median household income (MHI), which is the level of affordability incorporated into California's SDWSRF loan forgiveness eligibility standards. What is more, families in these disadvantaged communities may be forced to purchase bottled water in addition to paying their monthly water bill, creating a doubled financial burden.

Ongoing source of operations and maintenance funding for drinking water treatment for disadvantaged communities needs to be stable and sustainable, since communities, particularly disadvantaged communities, cannot afford to build drinking water treatment plants and then have funding disappear. SB 623 seeks to provide an ongoing funding stream to ensure that disadvantaged communities have access to clean, safe, affordable, drinking water."

Human right to water: In 2012, California became the first state to enact a Human Right to Water law, AB 685 (Chapter 524, Statutes of 2012). Public policy continues to be focused on the right of every human being to have safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitation. Water supply, contaminants, costs of treatment and distribution systems, the number and nature of small public water systems (PWS), especially in disadvantaged communities, and many other factors will continue to challenge progress in addressing the Human Right to Water.

Drinking water contamination in disadvantaged communities: According to the State Water Board report, "*Communities that Rely on Contaminated Groundwater*," released in January 2013, 682 community public water systems, which serve nearly 21 million people, rely on contaminated groundwater as a primary source of drinking water. The report points out that an additional two million Californians rely on groundwater from either a private domestic well or a smaller groundwater-reliant system that is not regulated by the state, the water quality of which is uncertain. The findings from State Water Board report, and a 2012 University of California at Davis study, "*Addressing Nitrate in California's Drinking Water*," suggest that drinking water contamination in California disproportionately affects small, rural, and low-income communities that depend mostly on groundwater as their drinking water source.

Nitrates: Nitrate is commonly used in fertilizers because plants need nitrates to live and grow. Once consumed, nitrate is converted into nitrite in the body. Nitrogen is applied to cropland in the form of synthetic fertilizers or as animal manure. The nitrogen in these fertilizers transforms

to nitrate and is carried to groundwater by the percolation of water through the soil column, any time water from irrigation or rainfall percolates below the root zone.

The problem with nitrates is that nitrite can interfere with the ability of red blood cells to carry oxygen to the tissues of the body, producing a condition called methemoglobinemia. The greatest threat is to infants, whose immature stomach environment enables conversion of nitrate to nitrite, which is then absorbed into the blood stream. The effects of nitrite are often referred to as the "blue baby syndrome" because their bodies are not absorbing enough oxygen. High nitrate levels may also affect the oxygen-carrying ability of the blood of pregnant women.

Legal limits on nitrates: The current state MCLs for nitrates were adopted by the California Department of Health Services in 1994 based on the US EPA's MCLs promulgated in 1991.

The Office of Environmental Health Hazard Assessment (OEHHA) established its public health goals (PHGs) for nitrate and nitrite in 1997. The PHGs, based on methemoglobinemia in infants, are 45 parts per million (ppm) for nitrate (equivalent to 10 ppm nitrate-nitrogen), 1 ppm for nitrite-nitrogen and 10 ppm for joint nitrate/nitrite (expressed as nitrogen) in drinking water. The PHGs are the same as the drinking water MCLs. Typically PHGs inform the development of MCLs. In this case, the MCL predated the PHG.

Causes of nitrate contamination: High concentrations of nitrate in groundwater are primarily caused by human activities, including fertilizer application (synthetic and manure), animal operations, industrial sources (wastewater treatment and food processing facilities), and septic systems. Agricultural fertilizers and animal wastes applied to cropland are by far the largest regional sources of nitrate in groundwater, although other sources can be locally important.

Where is nitrate contamination?: Nitrate in drinking water is widespread in numerous areas of the state. PWSs, because they are regulated by the State Water Board (unlike private wells), are required to analyze drinking water sources for nitrates and report the results to the State Water Board's Division of Drinking Water. Among regulated contaminants detected at levels greater than their MCLs in California, nitrates rank high.

The 2012 University of California at Davis (UC Davis) report, "*Addressing Nitrate in California's Drinking Water*," indicated that about 2.6 million people in the four-county Tulare Lake Basin and the Monterey County portion of the Salinas Valley rely on groundwater for drinking water, including those in some of the poorest communities in California. The report found that nitrate contamination is increasing and currently poses public health concerns for about 254,000 people in the study area.

According to the report, *Communities That Rely on a Contaminated Groundwater Source For Drinking Water*, most of the community PWSs with violations of drinking water standards are located in the Southern California Inland Empire, the east side of San Joaquin Valley, the Salinas Valley, and the Santa Maria Valley. In the Salinas Valley, 58% of raw groundwater has been found to be contaminated with nitrates, along with other contaminants including arsenic. Nitrate levels in the groundwater are particularly high south of Salinas, with levels as high as 690 ppm.

An additional two million Californians rely on groundwater from either a private domestic well or a smaller groundwater-reliant system that is not regulated by the state. Most of these residents lack an assessment of their water because they are not required to test its quality.

Costs for nitrate cleanup: The 2012 UC Davis nitrate report calculated that up to \$36 million per year is needed for safe drinking water solutions to address nitrate contamination. The report elaborated that, "Costs for safe drinking water solutions to nitrate contamination in the Tulare Lake Basin and Salinas Valley are roughly \$20 and \$36 million per year for the short- and long-term solutions, respectively. About \$17 to \$34 million per year will be needed to provide safe drinking water for 85 identified community public and state small water systems in the study area that exceed the nitrate drinking water MCL (serving an estimated 220,000 people). The annualized cost of providing nitrate-compliant drinking water to an estimated 10,000 affected rural households (34,000 people) using private domestic wells or local small water systems is estimated to be at least \$2.5 million for point-of-use treatment for drinking use only. The total cost for alternative solutions translates to \$80 to \$142 per affected person per year, \$5 to \$9 per irrigated acre per year, or \$100 to \$180 per ton of fertilizer nitrogen applied in these groundwater basins."

State Water Board settlement with Salinas Valley growers: On April 6, 2017, the State Water Board announced a temporary program to produce a replacement drinking water plan for Salinas Valley residents whose groundwater supplies are contaminated with unsafe levels of nitrate. The program will be organized and funded by the members of the Salinas Basin Agricultural Stewardship Group, a coalition of local agricultural owners and operators, and it will run for up to two years while the parties work toward permanent solutions to respond to the challenges of nitrate accumulation in the Salinas basin groundwater. The temporary program, also known as the Interim Replacement Water Settlement Agreement (Agreement), covers small water systems and some domestic wells used by about 850 residents in the rural area.

The State Water Board's Office of Enforcement and the Central Coast Regional Water Quality Control Board are suspending their current replacement water enforcement actions against parties that join the stewardship group for as long as two years while this new Agreement is instituted. Landowners who wish to become a member of the stewardship group are still able to join. Furthermore, the goal of the Agreement is for the Salinas Basin Agricultural Stewardship Group and State Water Board to work cooperatively towards the development and implementation of a funding mechanism and solutions for the provision of long-term replacement water.

Lack of clean safe drinking water: Although most of the state's residents receive drinking water that meets federal and state drinking water standards, many drinking water systems in the state consistently fail to provide safe drinking water to their customers. Lack of safe drinking water is a problem that disproportionately affects residents of California's disadvantaged communities. More than 300 drinking water systems in disadvantaged communities, serving approximately 200,000 people, are unable to provide safe drinking water. These systems include 30 schools and daycare centers that serve over 12,000 children.

Disadvantaged communities often lack the rate base, as well as the technical, managerial, and financial capacity to show they can afford and effectively manage operations and maintenance costs related to water treatment. Without being able to pay for maintenance, these communities are effectively barred from accessing capital improvement funding. In contrast, larger water systems have the financial capacity both to pay treatment costs and to provide for a well-trained and technically competent workforce of water system operators. SB 623 seeks to provide an on-going funding source specifically to address the drinking water needs in disadvantaged communities.

Identifying Communities Struggling to Provide Clean Drinking Water: In an effort to make the public aware of the problems public water systems are facing when it comes to providing clean and reliable drinking water, the State Water Board has developed a Human Right to Water web portal. This new web portal includes downloadable information and a map that shows water systems that may not meet primary drinking water standards. The site also includes a link to the draft Safe Drinking Water Operations and Maintenance Needs Estimate spreadsheet, and an explanation document which lays out the methodology. Total needs are estimated at \$45 million annually, with 309 public water systems included in the analysis, serving approximately 200,000 people statewide.

Irrigated lands regulatory program: Water discharges from agricultural operations in California include: irrigation runoff, flows from tile drains, and storm water runoff. These discharges can affect water quality by transporting pollutants, including pesticides, sediment, nutrients, salts (including selenium and boron), pathogens, and heavy metals, from cultivated fields into surface waters. Many surface water bodies are impaired because of pollutants from agricultural sources. Groundwater bodies have suffered pesticide, nitrate, and salt contamination.

To prevent agricultural discharges from impairing the waters that receive these discharges, the Irrigated Lands Regulatory Program (ILRP), administered by the State Water Board and Regional Water Boards, regulates discharges from irrigated agricultural lands. This is done by issuing waste discharge requirements (WDRs), or conditional waivers of WDRs (Orders), to growers. These Orders contain conditions requiring water quality monitoring of receiving waters and corrective actions when impairments are found. The number of acres of agricultural land enrolled in the ILRP is about six million acres. The number of growers enrolled is approximately 40,000.

Waiver of waste discharge requirements: State law authorizes the State Water Board and Regional Water Boards to conditionally waive WDRs if this is in the public interest. Over the years, the Regional Water Boards issued waivers for more than 40 categories of discharges. Although waivers are always conditional, the historic waivers had few conditions. In general, they required that discharges not cause violations of water quality objectives, but did not require water quality monitoring. Senate Bill 390 (Alpert, Chapter 686, Statutes of 1999), required the Regional Water Boards to review their existing waivers and to renew them or replace them with WDRs. Under SB 390, waivers not reissued automatically expired on January 1, 2003. To comply with SB 390, the Regional Water Boards adopted revised waivers. The most controversial waivers were those for discharges from irrigated agriculture.

Outstanding issues: While SB 623 is very comprehensive, there are still a few issues to work on. The bill identifies, in a few sections, that there will be subsequent changes to impose some type of fee or assessment on agricultural operations as a fund source for the grant/loan program the bill creates. However, it is also likely there will be additional sources of revenue this bill would seek to raise. Additionally, this bill requires the State Water Board to develop regulations, within one year, to test small water systems and individual domestic wells. There may be challenges with meeting this timeframe that the author and the Administration may wish to address. Also, the bill authorizes enforcement relief, which takes effect on January 1, 2018; however, that enforcement relief is contingent upon an agricultural operation making timely payments on a fee or assessment that may not be imposed until 2019 or later. The author may wish to consider syncing up these two timeframes in some manner. Additionally, when providing this enforcement relief, it is important to ensure that the wording correct, so that the

enforcement relief is not broader than intended, preserving all rights of a person to bring a civil claim today, should the bill become law.

SB 623 contains two major provisions, creating a fund source and grant/loan program to provide assistance to small and domestic water wells, in order for them to have clean, safe, affordable drinking water; and providing enforcement relief from the State Water Board and Regional Water Boards for agricultural operations, if they meet certain requirements and pay an assessment that is used to support the new grant/loan program for small and domestic wells that this bill creates. Ensuring that everyone in California has access to clean, safe, affordable drinking water has been a subject of bills heard before this committee in the past and has been a goal shared by many. However, the provision of the bill that provides enforcement relief is a bit more complicated. While an agricultural operation will have to meet many requirements of the State Water Board and Regional Water Board, as well as paying some type of fee or assessment, it is important to understand that this bill will restrict certain enforcement actions by the State Water Board and Regional Water Boards. SB 623 takes a very comprehensive approach to tackle the very challenging issue of nitrate contamination in drinking water and groundwater. This is a very laudable goal.

Related legislation:

AB 1605 (Caballero, 2017). Provides legal relief for signatories participating in a state program to provide drinking water. This bill was held in the Assembly Judiciary Committee as a two-year bill.

REGISTERED SUPPORT / OPPOSITION:

Support

Alliance of Child and Family Services
American Heart Association
American Rivers
American Stroke Association
Arvin Community Services District
Asian Pacific Environmental Network
Asociacion de Gente Unida por el Agua
Black Women for Wellness
California Audubon
California Bicycle Coalition
California Environmental Justice Alliance
California Food Policy Advocates
California League of Conservation Voters
California Rural Legal Assistance Foundation
California Pan-Ethnic Health Network
California Water Service
Catholic Charities, Diocese of Stockton
Central California Environmental Network
Center for Race Poverty and the Environment
City of Arvin
City of Porterville

Clean Water Action
Comité Civico del Valle
Community Alliance for Agroecology
Community Water Center
Council for a Strong America
County of Tulare
Cultiva la Salud
Dolores Huerta Foundation
El Quinto Sol de America
Environmental Defense Fund
Esperanza Community Housing Corporation
Faith in the Valley
Friends Committee on Legislation in California
Friends of Calwa
Fresno Building Healthy Communities
Latino Coalition for a Healthy California
Leadership Counsel for Justice and Accountability
League of Women Voters
Lutheran Office of Public Policy
Mission: Readiness
Pacific Institute
Pacific Water Quality Association
Physicians for Social Responsibility Los Angeles
Planning and Conservation League
PolicyLink
Public Health Advocates
Pueblo Unido CDC
Self-Help Enterprises
Service Employees International Union (SEIU)
Strategic Actions for a Just Economy
Strategic Concepts in Organizing & Policy Education
Sunflower Alliance
RCAC
The Nature Conservancy
TransForm
Water Quality Association
Western Center on Law & Poverty
Western Growers Association
Wholly H2O

Opposition

Alameda County Water District
American Water Works Association, California-Nevada Section
Association of California Water Agencies
Bella Vista Water District
California Sportfishing Protection Alliance
California Water Impact Network
Calleguas Municipal Water District

City of Fairfield
City of Indio
City of Roseville
Cucamonga Valley Water District
Desert Water Agency
East Valley Water District
Eastern Municipal Water District
Elsinore Valley Municipal Water District
El Dorado Irrigation District
Foresthill Public Utility District
Humboldt Baykeeper
Humboldt Bay Municipal Water District
Indian Wells Valley Water District
Indio Water Authority
Inland Empire Waterkeeper
Kern County Water Agency
La Canada Irrigation District
Las Virgenes Municipal Water District
Mesa Water District
Monte Vista Water District
Monterey Coastkeeper
Pacific Coast Federation of Fishermen's Association
Padre Dam Municipal Water District
Placer County Water Agency
Regional Water Authority
Rincon del Diablo Municipal Water District
Rowland Water District
Russian Riverkeeper
San Gabriel County Water District
San Juan Water District
Santa Barbara Channelkeeper
Santa Margarita Water District
Southern California Water Committee
The Otter Project
Three Valleys Municipal Water District
Valley Center Municipal Water District
Vista Irrigation District
Western Municipal Water District
Yorba Linda Water District

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