

Water Supply Advisory Committee

July 30, 2008

Holiday Inn SeaTac International Airport
17338 International Boulevard
SeaTac, Washington 98188

Meeting Notes

Welcome and Introductions – Rich Hoey (Chair)

1. **Infrastructure Studies** (*Scott Merriman, Karen Larkin, and Kristin Bettridge*)

OFM Study – Scott Merriman (Office of Financial Management)

The 2008 Legislature directed OFM to lead a small group of state agencies in an effort to:

1. Update the Joint Legislative Audit and Review Committee (JLARC) inventory of basic infrastructure programs completed in 2005 (29 out of 84 programs).
2. Analyze the effectiveness of those programs.
3. Explore financing alternatives to streamline the funding process and provide more funding to local projects.
4. Identify system-wide changes to the state's infrastructure funding programs to provide better customer service in a more efficient and strategic manner.
5. Develop an implementation plan to include initial steps for the recommended system-wide changes.

The OFM established a steering committee of representatives from the state agencies identified in the budget proviso to advise OFM and assist in completing the tasks. The steering committee includes the following agencies: Department of Ecology (Ecology), Department of Health (DOH), Community, Trade and Economic Development (CTED), and OFM.

Other partners include: Association of Washington Cities, WA State Association of Counties, Transportation Improvement Board, and legislative staff. There are multiple agreements with other agencies and contracts in place to do the work associated with the first three tasks identified above. The steering committee is analyzing the existing programs and identifying potential recommendations for alternative system structures and funding. The steering committee and other partners will identify pros and cons of each alternative and select a preferred alternative for further consideration and development. The document is due to the Governor and the Legislature on *December 1, 2008*, and will include recommended steps to take toward implementing the preferred alternative.

There are consultants in charge of data collection and analysis, and conducting customer focus groups.

Scott also discussed Section 1022 of the Supplemental Capital Budget Bill. The Legislature intends to begin a process of reevaluating the policy goals and priorities for the allocation of infrastructure assistance program funds through the use of information that is available and reviewed each biennium by the infrastructure programs.

CTED's Infrastructure Consolidation – Karen Larkin (Community, Trade and Economic Development)

Karen gave a presentation on the proposed infrastructure consolidation process. Currently, infrastructure programs are in three divisions, which will be consolidated into one division—organized by functional alignment. The three divisions are International Trade and Economic Development (ITED), Public Works Board (PWB), and Local Government (LG). This internal reorganization will serve as a way to improve program administration and management. There are no legislative changes, just administrative changes.

Office of Drinking Water's Water System Acquisition & Rehabilitation Program (WSARP) Study – Kristin Bettridge

Kristin discussed the development and requirements of SSB 6340 (providing for a water system acquisition and rehabilitation program).

The WSARP began in 2003 through biennial budget appropriations. WSARP grants protect public health by financing the transfer of ownership of failing drinking water systems to municipal systems with a history of sound utility management. WSARP grants also subsidize capital construction projects to help systems achieve compliance with state and federal safe drinking water standards.

WSARP is jointly administered by the Department of Health (DOH), the Public Works Board (PWB), and the Community, Trade and Economic Development (CTED). The agencies are required to adopt guidelines for the program using, as a model, the procedures and criteria of the drinking water revolving loan program. The program will provide grants, not to exceed 25 percent of the funds allocated to the appropriation in any fiscal year, to partially cover project costs.

The DOH, in consultation with the PWB, must prepare a report on the program to include:

- Funding levels and funding sources.
- The form of assistance provided—grants vs. loans.
- Funding and application cycles.
- Eligibility.
- Prioritization process.

The report must also include a survey of estimated WSARP funding needs, based on existing informal survey information from local governments, the Utilities and Transportation Commission, and purveyors. The report must be submitted to the fiscal and water policy committees of the Senate and the House of Representatives no later than January 1, 2009.

2. **ODW Business Planning & Fees** (*Kristin Bettridge, Derek Pell*)

The process:

1. Assessed current funding and future trends.
2. Brainstormed all possible future funding sources.
3. Identified workload distribution for a core and fully capable program, and new or unfunded activities.
4. Determined three options that are most viable in the current economic and political climate.

Core program—these activities form the legal foundation of a state drinking water program.

Fully capable program—activities needed to be effective, such as technical assistance.

New or unfunded—activities that we must do but have not received increased funding for, such as the groundwater rule and implementation of the municipal water law.

Kristin discussed three different funding options:

Funding Option 1—use existing resources only.

Advantages:

- Does not increase water system costs.
- Does not require legislative action.

Disadvantages:

- Changes program focus from technical assistance to enforcement.
- Water systems' share of the cost of fee-for-service activities will continue to decline, furthering the imbalance of funding.
- Declining state and federal funding, coupled with increasing costs, erode the effectiveness of our future program.

Funding Option 2—increase revenue from fees for service.

Key philosophical principles for fee-for-service structure:

- Provide a defined level of cost recovery.
- Be transparent, credible, and easy to understand.
- Have flexibility.
- Easy to implement.
- Fair to utilities.
- Justifiable.
- Allow for continued support by other funding.

Current fee-for-service structure:

1. Individual fees are established for each project type and water system size.
2. One hundred seventy-five separate fees are currently listed in WAC 246-290-990, including an optional rate of \$102 per hour.
3. Water systems only pay on average 21 percent of the cost of the fee-for-service activities; the shortfall is covered by state and approved federal funding.

Proposal:

1. Eliminate all variable fees and simply charge the hourly rate of \$102.
2. Achieve increases over time to cover half of the activity costs.
3. Use a time study to determine typical number of hours needed to complete each project type/size (currently underway).
4. Apply “discounts” to invoices as appropriate to continue subsidy with other funds.
5. First increase would take effect on July 1, 2009 and would be approximately 35 percent.

Funding Option 3—increase operating permit fees.

- Costs to regulate water systems have risen, but fees have not increased sufficiently to cover the increased costs. Fees for operating permits were established in statute in 1991, and have not been modified since.
- Based on the Department of Commerce “Implicit Price Deflator for Personal Consumption,” the cost of providing services has risen 92.5 percent since 1994. By the end of the biennium, that figure is projected to be 113 percent.
- Small water systems are not paying sufficient fees to cover the programmatic cost to regulate the systems. That means that larger systems are subsidizing fees for the smallest water systems.

Business plan proposals:

1. Redirect resources used for fully capable and lower priority core program activities to higher priority unfunded or new activities.
2. Increase both fee-for-service revenue and operating permit fee revenue.

Overall comments from WSAC:

1. Department of Health will need to describe what is being done with \$102 per hour charge—will need to be transparent.
2. Understand what you’re buying and better articulate where the money is going.
3. How are we going to subsidize cost? We need to find ways to rely less on subsidies, find more funding revenue.

4. Operator permit fee is inadequate. Is technical assistance covered? We support operator permit fee increase.
5. What is my cost to customer? Customer concept vs. utility concept.
6. Understand balance—evaluate both ends of the spectrum.
7. What can we lose/cut back on? Where can we save? Provide full picture.
8. Start adding cost where benefits are seen—show what the benefits are.
9. Discounts—by system or by utility?
10. We support fee-for-service approach; however, better tracking of data and activities is needed. How are you assessing where you spend your money today?
11. What can we do right now? We need better assessment.
12. We need to better understand the process.
13. Increasing fee for services makes sense, but data will need to be published.
14. Increase is good. Public education about budgeting is good before you buy. Flat rate charge is okay. Keep a detailed timesheet. Explain exactly what customers/utilities are paying for.
15. In favor for fee for service as long as I receive an invoice.
16. Post information to the Web what payment is expected.
17. Transparency for funding proposal—need more information about numbers and data. What are the program elements? What are you buying?
18. Need more understanding on “discounts.”
19. Move to fee for services with transition to full-cost recovery.
20. Operating permit fee proposal—need to run by PUD association.
21. Operating permit fee—not unreasonable; any increase would require a question; educate utilities how much they have not been paying for; needs transparency as to what operating permit service is paying for.
22. Operating permit fee is ridiculously low. This is like an insurance policy for public health—insuring against risks.
23. Use “to be determined” approach instead of \$0.00 for funding—like a placeholder concept for smaller systems to set the stage down the road. State what is the money used for; advocate for customer concept; advocate for service aspect.
24. Operating permit fee—may need support from other agencies for a broader support for funding package. Hold back until things are in order.
25. Spend more time with WSAC on how to best promote the funding package.

3. Working Lunch Updates

(Marie Jennings, Denise Clifford, Sam Perry, Jim Hudson, Kristin Bettridge, and Derek Pell)

EPA Update – Marie Jennings

The Safe Drinking Water Act (SDWA), as amended in 1996, requires the United States Environmental Protection Agency (EPA) to periodically publish a list of unregulated contaminants and determine whether to regulate at least five contaminants on each list.

In May 2007, EPA published preliminary regulatory determinations for 11 of 51 contaminants listed on Contaminant Candidate List 2 (CCL 2) and requested public comments on the determinations, process, rationale, and supporting technical information for each contaminant.

After careful review and consideration of these comments, EPA is making final determination that no regulatory action is appropriate at this time for any of the 11 CCL 2 contaminants. These contaminants are: boron; the dachtal mono- and di-acid degradates; 1,1-dichloro-2, 2-bis (p-chlorophenyl) ethylene (DDE); 1,3-dichloropropene; 2,4-dinitrotoluene; 2,6-dinitrotoluene; s-ethyl dipropylthiocarbamate (EPTC); fonofos; terbacil; and 1,1,2,2-tetrachloroethane.

EPA is also proposing new federal requirements under the Safe Drinking Water Act for the underground injection of carbon dioxide (CO₂) for the purpose of long-term underground storage, or geologic sequestration. The rule would create a new class of injection wells under the authority of SDWA's Underground Injection Control (UIC) program. The proposed rule builds on the existing UIC program, including extensive requirements to ensure wells are appropriately located, constructed, tested, monitored, and ultimately, closed. EPA is requesting public comments on the proposed rule for 120 days.

Marie mentioned that EPA Region 10 and the EPA Office of Research and Development are hosting a forum scheduled for September 4, 2008, in Seattle. This forum is called "Climate Change and Water Infrastructure: Collaborating on Adaptation Challenges." This forum is to provide context and to shape a collaborative approach to addressing the challenges of climate change on our drinking water, wastewater, and stormwater infrastructure.

Marie also talked about an EPA-sponsored training called "Energy Management for Water and Wastewater Utilities" which will be held on September 18-19, 2008, in Worley, Idaho. This training will occur during the Idaho Rural Water Association fall conference.

Municipal Water Law Update – Denise Clifford

The Washington State Legislature enacted the Municipal Water Law in 2003 to give municipal water suppliers more certainty and flexibility with their water rights. The law also required municipal suppliers to use water efficiently. The Departments of Health and Ecology have developed rules and guidance to implement the law.

On June 11, 2008, King County Superior Court Judge Jim Rogers struck down parts of the law that directly affects some of the rules and guidance the state agencies developed. The state is appealing the ruling. We will keep WSAC informed as the Department of Health continues to work with the Attorney General's Office.

Small System Study – Denise Clifford

Earlier this year, the Legislature directed Department of Health to study small drinking water systems throughout the state. The study will focus on the challenges these systems and their ratepayers face, particularly systems that need or may soon need significant state resources to resolve threats to public health and safety.

This study is an opportunity for us to take a look at the viability of smaller systems and to think about future needs and resources. It will include all water systems with fewer than 1,000

connections, even systems that are so small they fall outside the scope of the federal Safe Drinking Water Act.

This issue links back to what makes a water system fail (affordability/sustainability issue).

Scott Torpie (Office of Drinking Water) is the lead. Progress report is expected in December 2008.

Water System Design Manual (WSDM) – Sam Perry

The Water System Design manual is a 300-page guidance document for designers of water systems. It includes discussion of construction documents, plan approval, water sources and reservoir and booster pump station design.

Revision Background:

WSDM (1st Edition – 1999)

WSDM (2nd Edition – 2001)

For the new edition, plain talk revisions are substantially complete. Chapters 5 and 6 are being held back for further internal discussion.

External review:

Volunteer reviewers – 31 total: Water system staff (22), consulting engineers (7); local government (2).

External input to date:

- State agencies: Department of Ecology, Department of Labor and Industries, Department of Transportation
- Other agencies: Washington Surveying and Rating Bureau
- Local Health Jurisdictions
- Consulting engineers (Finished Water Reservoir Design, Seismic Design, Distribution System Hydraulic Modeling, Desalination)

Drivers for change:

- Regulatory updates: Arsenic Rule, Filter Backwash Rule, Radionuclides Rule, Stage 2 D/DBPR, LT2ESWTR, Municipal Water Law, Water Use Efficiency Rule, Water Treatment Plant Discharges (Ecology).
- New/revised guidance: Ten State Standards, DOH guidance documents, EPA guidance documents, AWWA manuals of practice, Awwa Research Foundation, AWWA textbooks, etc.

For questions or more information, please contact:

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Residential Fire Sprinkler Technical Advisory Group – Jim Hudson

Substitute House Bill 2575 established the requirement and direction: The State Building Code Council (SBCC) is required to convene a designated advisory group to examine issues, barriers, and incentives pertaining to private residential fire sprinkler systems and develop recommendations for eradicating barriers that prevent the voluntary installation of sprinkler systems in private residences.

A Technical Advisory Group (TAG) is to research and review policies and procedures pertaining to private residential fire sprinkler systems.

Required TAG membership includes representatives from:

- A city association
- A county association
- Building officials association
- Special purpose water/sewer district association
- Public Utility District association
- Department of Health
- Department of Ecology
- Insurance industry

And

- The state director of fire protection (or designee)
- A local fire marshal
- A licensed residential sprinkler fitter
- A licensed residential fire sprinkler contractor
- An architect
- A residential builder
- Others as determined appropriate by the SBCC

The SBCC must develop recommendations for eradicating barriers that prevent the voluntary installation of sprinkler systems in private residences (using input by the TAG) and report findings to the Legislature (appropriate committees of both House and Senate) by January 15, 2009.

Process:

The initial TAG meeting was held on April 22, 2008. Monthly meetings were determined to be appropriate until the barriers were identified and recommendations finalized. The SBCC expects to have its report completed by mid-December, 2008. The initial three meetings were structured to gain a better understanding of various TAG member positions and concerns. July's meeting was to document the barriers to the voluntary residential installation of home fire sprinkler systems (FSSs). The TAG identified a number of barriers and initiated discussion on prospective approaches to those barriers.

Identified barriers so far:

1. Lack of education.
2. Lack of preferred design and installation details and guidelines.
3. Cost of a voluntary residential fire sprinkler systems installation.
4. Costs for permit and inspection.
5. Increased cost of hook-up fees, like standby/system development charges.
6. Increased meter size and rating.
7. Shut-off issues.
8. System limitations.
9. Need, expense, and testing of backflow devices.
10. Lack of state-level incentives and credits.
11. Larger water lines and meters for residential service could lead to higher overall demands on the water system.
12. Water Use Efficiency Rule credit for use of larger meters.
13. Utility design and construction requirements costs.
14. Customer perception of the real value of a residential fire sprinkler system.

Remaining activities:

1. Additional discussion and refinement of the barriers is expected at the August meeting (some of the currently conceived "barriers" have common elements that may allow them to be merged.).
2. At the August meeting, and probably into the September meeting, more focused discussion and direction will be given to the recommended actions to reduce or eliminate the barriers.
3. In October, a draft report identifying barriers and recommendations for their elimination will be prepared by the SBCC for review by the TAG and by others with an interest.
4. The draft report will be ready by December for SBCC management to review and finalize for presentation to the Legislature (January 15, 2009).

Group B Update – Kristin Bettridge for David Christensen

The Office of Drinking Water is working to update the rules for Group B water systems. We will conduct public forums across the state in September 2008 to inform the public about the rulemaking on Group B water systems. A notice will be mailed to all Group B water system

owners and interested parties. These forums are not public hearings. A public hearing will be held after the official rule language is drafted.

Rule development timeline:

September 2008	Hold public forums around the state.
October 2008	Brief State Board of Health about public comments.
November 2008	Present draft rule language to stakeholders and interested parties.
February-April 2009	Revise rule language based on comments received.
June 2009	Brief State Board of Health about rule language.
July 2009	File CR-102 to announce public hearing.
August 2009	State of Board of Health hears public comment and considers rule.
October 2009	File CR-103 to adopt rule changes.
November 2009	Rule effective.

Boil Water Advice – Derek Pell

Water utilities and the Department of Health work together to ensure safe and reliable drinking water to the people of Washington State. The drinking water regulations provide a framework of expectations so that water systems are designed, operated, and monitored to minimize the risk of biological and chemical contamination.

Bacteria and viruses can quickly contaminate a water supply and can cause immediate health risks if ingested. To protect against microbiological contamination, a utility or DOH may advise customers to boil drinking water prior to ingestion.

However, in an emergency situation, fuel supplies are limited. In the interest of conserving fuel, it makes sense for us to recommend people boil their drinking water for only as long as is necessary to fully kill pathogens and guard against microbial contamination.

The Department of Health currently recommends boiling drinking water for 3-5 minutes. Most authorities, such as EPA and CDC, now recommend a one-minute boil. Members of the Water Supply Advisory Committee were very supportive of making the change from 3-5 minutes to one minute. It conserves fuel, which in some emergencies will be in short supply, and is considerably less trouble for people affected by an emergency. DOH will begin changing its publication materials and messages to reflect a one-minute rolling boil and will be notifying local health jurisdictions of the change.

4. Security Update (*Jim Harksen*)

The Washington Water/Wastewater Agency Response Network (WA WARN) provides the means for water and wastewater systems to quickly respond to emergencies. This program coordinates the sharing of resources between water systems.

Key benefits of the WA WARN program for Washington water and wastewater systems:

- **Utilities require specialized resources to sustain operations:** Water and wastewater systems employ operators, engineers, planners, and managers with specialized skills and abilities. This group of people, with their unique knowledge of water systems, cannot be easily replaced. Water and wastewater systems also require the use of specialized equipment and tools that can't be found outside of the water sector. This is why it is so important that water and wastewater systems work together to help each other through emergency events.
- **Utilities must provide their own support until state and federal resources are available:** There will be occasions where state and federal relief will not be as swift as the response from fellow utilities. State and federal resources often depend upon the declaration of emergency, where the WA WARN program is just a phone call from one utility to another.
- **Disasters impact utility employees and their families, creating greater need for relief:** Under most circumstances if the water system is impacted by the emergency, so are the families of the water system operators. Operators from areas not affected by the event can come in and support the facility, allowing time for the local operators to ensure their families are safe.
- **Large events impact regional areas, making response from nearby utilities impractical:** Several utilities around the state already use inter-local agreements, which are great for smaller events. A large-scale natural disaster will disrupt the operations of entire counties, creating the need for help from a greater distance. The WA WARN program is a statewide network, which provides personnel and resources from not only your neighboring utilities but from other areas of the State.
- **Agreements must be established pre-event for federal reimbursement:** Members of the WA WARN program will benefit from a streamlined process for receiving federal financial support.
- **A standardized Mutual Aid Agreement will facilitate a nationwide water sector mutual aid network:** If the WARN program becomes a nationwide network, having a standardized Mutual Aid Agreement will facilitate exchanging resources between states.

Comments from WSAC:

The Water Supply Advisory Committee members need to get the word out about WA WARN program.

Next WSAC meeting is October 29, 2008.

Suggested agenda topic(s):

1. ODW Business Planning
2. Small system study