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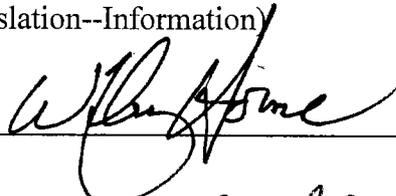
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

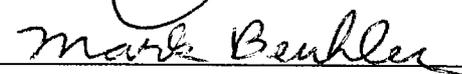
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September 16, 1996

To: Board of Directors (Special Committee on Water Quality and Environmental Compliance--Information)
(Committee on Legislation--Information)

From: *for* General Manager





Submitted by: Mark D. Beuhler
Director of Water Quality

Subject: Drinking Water Regulatory Reform Legislation (S.B. 1307)

RECOMMENDATION

For information only.

EXECUTIVE SUMMARY

Significant regulatory reform legislation relating to drinking water quality requirements under the California Safe Drinking Water Act has been passed as a bipartisan measure by both the Assembly and the Senate. The Governor is expected to sign the bill into law although some opposition has arisen from the State Department of Finance. The legislation will result in hundreds of millions, if not billions, of dollars in avoided costs to California water utilities by elimination of monitoring, reporting, and treatment changes that would provide insignificant health benefits at great costs to water utility customers.

DETAILED REPORT

In 1989, a dramatic change was made to the California Safe Drinking Water Act that mandated the establishment of a new set of health standards for drinking water that would be much more strict than already conservative Federal standards and would be set without regard to cost, attainability or relative health risk reduction. The State Department of Health Services and Cal-EPA have been moving steadily towards adoption of these more rigid standards known as Recommended Public Health Goals (RPHGs).

During 1994 and 1995, Metropolitan's Water Quality Division staff was actively involved in a comprehensive review and evaluation of the State's drinking water regulatory structure that was mandated by the Legislature in previous years. The review was conducted by a Water Industry Technical Advisory Committee (WITAC), chaired by Mark Beuhler, Metropolitan's Director of Water Quality, and included broad representation from large and small water utilities, associations, environmental health programs, legislative staff, the State and the USEPA.

The focus of the review was on the adequacy and methods of funding the State's drinking water system surveillance program, especially with regard to the thousands of very small water systems serving rural areas and transient populations. The State was preparing to move forward with recommendations to the Legislature to increase the operational and permit fees for all larger water systems.

As a result of these discussions, representatives of Association of California Water Agencies (ACWA) and larger water utilities agreed to the State's proposed changes in fee structure in exchange for a commitment by the California Department of Health Services (CDHS) to support legislation to eliminate the unnecessary and onerous RPHG requirements in the state health and safety code. State health officials concurred with water utility representatives that the RPHGs were counter-productive and could actually result in poorer health protection by misdirection of public funds for non-essential water quality activities.

S.B.1307 was introduced by Senator Calderon with the purpose of regulatory reform and fee restructuring. The fee component of the legislation was dropped early in the legislative session because of lack of support from the Administration for any fiscal measure that might be construed as a "tax" increase. Representatives of other industry groups that supported regulatory reform created a broad alliance with water agencies, associations and business groups to support the bill. Your Board took a support position on the concept of regulatory reform.

Despite attempts to water down the bill and to add "poison pill" amendments, the most desirable aspects of S.B.1307 survived. Much credit is due to ACWA staff for their effort, to Metropolitan's Sacramento Office for its effort, and to Mr. John Gaston of CH2M-Hill who agreed to serve without compensation as the Executive Director of the broad-based alliance that exerted great effort to get the bill passed and signed by the Governor. The changes to state law are very complementary to the changes in federal law included in the 1996 Safe Drinking Water Act Amendments.

Passage of S.B.1307 eliminates a number of significant and costly requirements for water utilities. These costs have been estimated by engineering consultants to be in the billions of dollars over a few years.

CEA/mi