



PUBLIC HEALTH

**ALWAYS WORKING FOR A SAFER AND
HEALTHIER WASHINGTON**

Operating Permit Fee Proposal

Seattle Water Supply System Operating Board

December, 2010

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Department of Health, Office of Drinking Water**

Mission

To protect the health of
the people of Washington
State

by ensuring safe and
reliable
drinking water

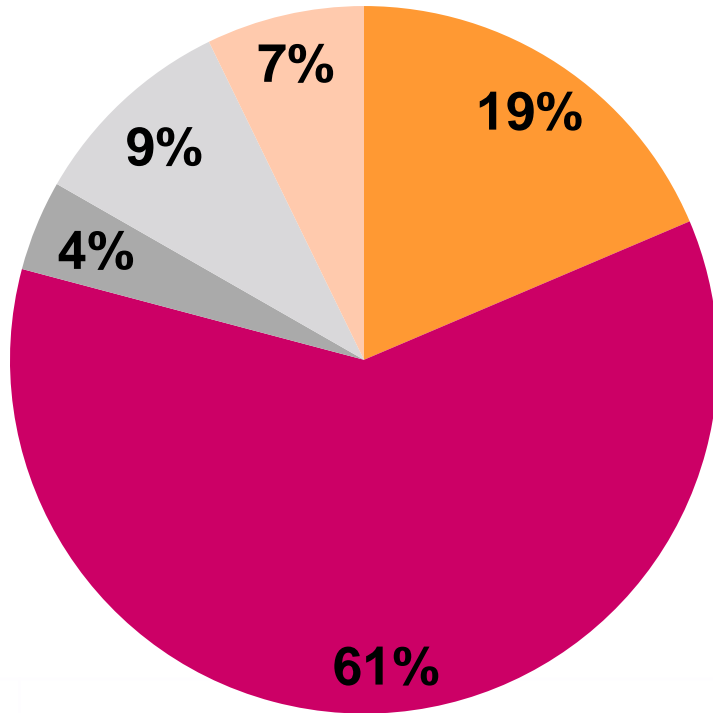


A Successful Drinking Water Program

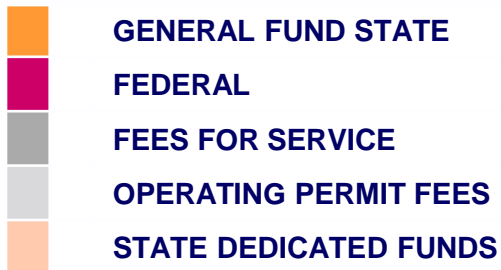
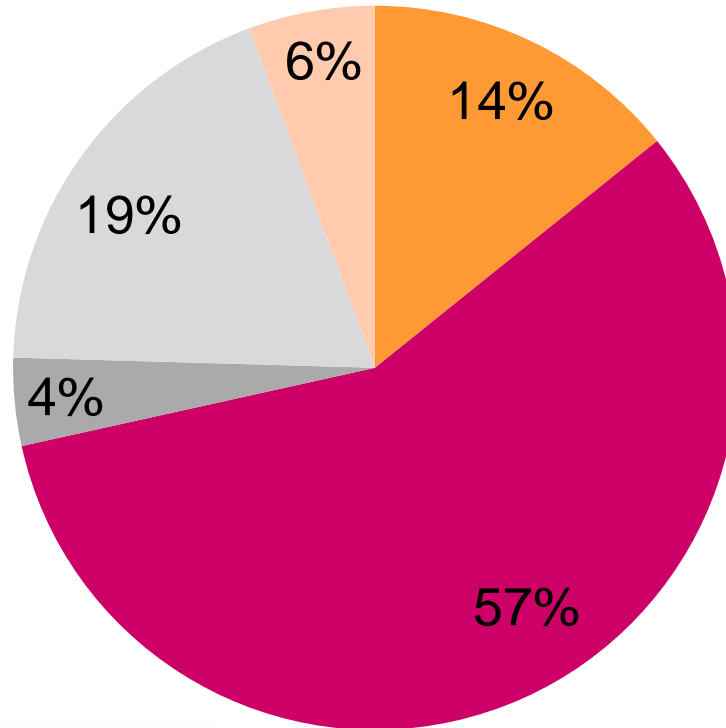
- Under a “Primacy” agreement we carry out the Safe Drinking Water Act for EPA
 - ✓ Allows more flexibility in implementing the regulations
 - ✓ Saves water systems money (*i.e.*, waivers, filtration alternatives)
 - ✓ Provides quicker response with field offices around the state
- We all benefit
 - ✓ Public Health and Safety
 - ✓ Economic Vitality

ODW Funding

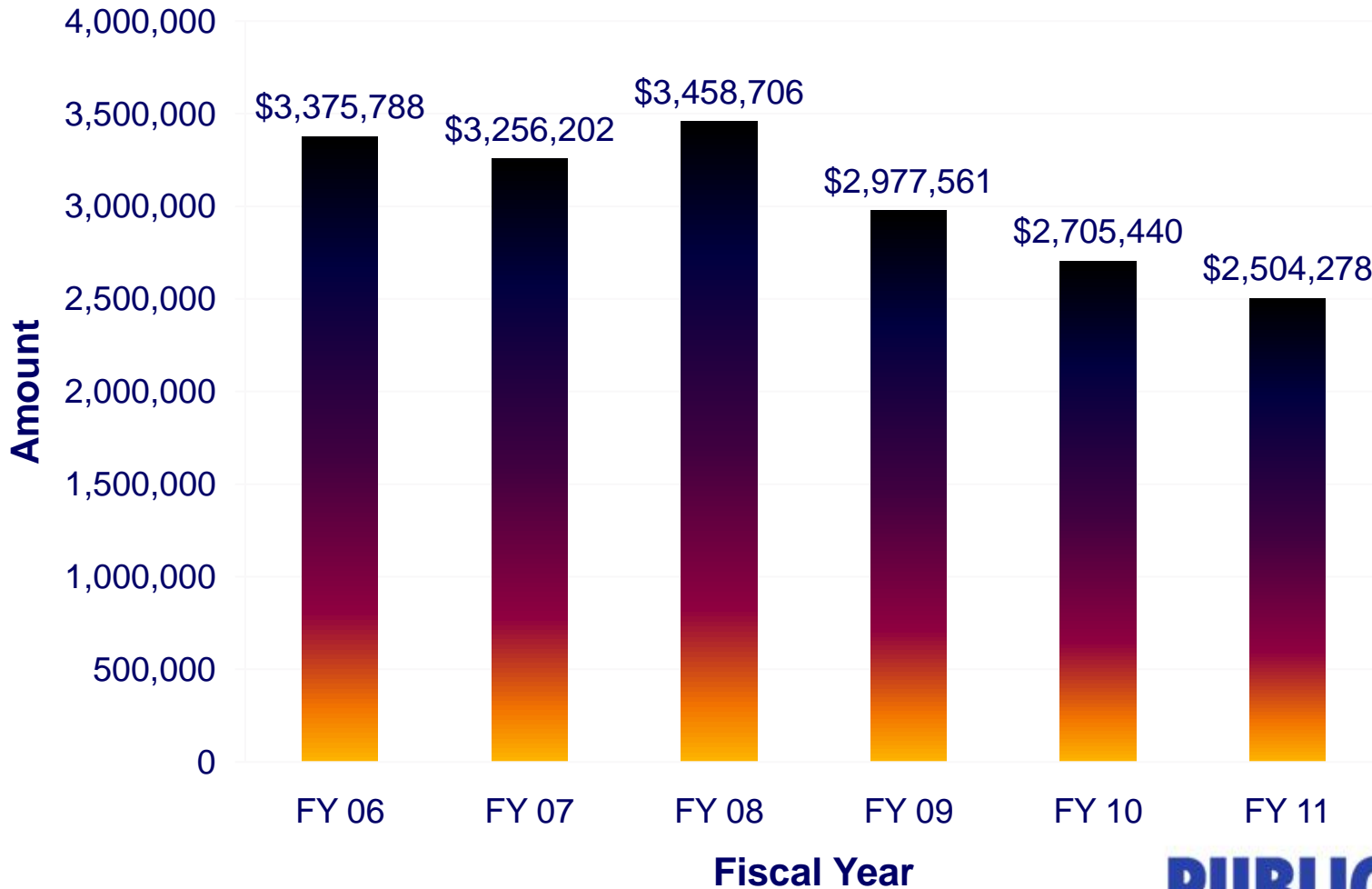
Current



Proposed



ODW'S General Fund State



First, we reduced our costs:

- Examples:
 - ✓ Reorganized to eliminate manager jobs
 - ✓ Implemented new rules with no new resources
 - ✓ Changed op cert exam process
 - ✓ Reduced level of effort in compliance, planning
 - ✓ Stopped doing some activities

Current Operating Permit Fee Structure

- Set in statute in 1991; no change since then
 - 123.8% inflation since 1991
- No fee for Group A systems with <15 connections; \$25 for 15-49 connections
 - 1,400 systems currently pay nothing
 - 1,300 contribute very little funding to drinking water program

Operating Permit Proposal – Goals

- Move to more stable revenue by decreasing our program's reliance on state general funds
- Strengthen our ability to maintain primacy
- Increase equity in how water systems share in the cost of funding our program so we can improve our services to small water systems

Current Operating Permit Fee Structure

- Per-connection charges for 50-53,333 connections
 - With only 2 tiers of per-connection charges, relatively small systems pay much higher per-capita rate than larger systems
- \$10,000 maximum
 - Largest systems pay a flat fee that does not reflect per-capita costs

Current Fees

Size	Name	Conn.	Current Fee
0-14	BRAUNWOOD ESTATES	10	\$ -
15-99	CHERRY BLOSSOM	49	\$ 25
100-499	HILLCREST VILLAGE	276	\$ 414
100-999	COSMOPOLIS	704	\$ 951
1000-9999	KING CO W.D. #49	6,644	\$ 5,012
10000-49999	WOODINVILLE	16,139	\$ 6,226
50000+	SEATTLE	180,379	\$ 10,000

Operating Permit Proposal

- All Group As would pay:
 - ✓ \$100 Base Fee (phased in over 3 yrs for systems <15 connections)
 - ✓ Plus a variable, declining per-connection charge:
 - 0 – 14 -- \$1.45
 - 15 – 99 -- \$1.45
 - 100 – 499 -- \$1.35
 - 500 – 999 -- \$1.30
 - 1000 – 9999 -- \$1.20
 - 10,000 – 99,999 -- \$1.15

Additional Fee Proposal Details

- ✓ \$100,000 cap for systems with 100,000+ connections
- ✓ Per-connection charge based on:
 - Residential connection = 1 connection
 - NTNC population / 2.5 = 1 connection
 - TNC population / 25 = 1 connection
- ✓ Satellite System Management Agencies will pay a per connection fee based on total connections of all the Group A systems they own
- ✓ 3 year phase-in of per-connection charge: 50%, 75%, 100%;

Proposal – Proposed vs. Current Fees

Size	Name	Conn.	Current Fee	Proposal (after 3 years)	cost per connection
0-14	BRAUNWOOD ESTATES	10	\$ -	\$ 115	1.45
15-99	CHERRY BLOSSOM	49	\$ 25	\$ 171	1.45
100-499	HILLCREST VILLAGE	276	\$ 414	\$ 473	1.35
500-999	COSMOPOLIS	720	\$ 951	\$ 1,015	1.30
1000-9999	KING CO WD #49	6,644	\$ 5,012	\$ 8,073	1.20
10000-99999	WOODINVILLE	16,139	\$ 6,226	\$ 18,660	1.15
10000-99999	SPOKANE	74,325	\$ 10,000	\$ 85,574	1.15
100,000+	SEATTLE	180,379	\$ 10,000	\$ 100,000	flat fee

Proposal – Fees Phase-in

Size	Name	Conn.	Current Fee	Year 1 (50% of conn charge)	Year 2 (75% of conn charge)	Year 3 (100% of conn charge)	per connection charge
0-14	BRAUNWOOD ESTATES	10	\$ -	\$ 57	\$ 86	\$ 115	1.45
15-99	CHERRY BLOSSOM	49	\$ 25	\$ 136	\$ 153	\$ 171	1.45
100-499	HILLCREST VILLAGE	276	\$ 414	\$ 286	\$ 379	\$ 473	1.35
500-999	COSMOPOLIS	704	\$ 951	\$ 558	\$ 786	\$ 1,015	1.30
1000-9999	KING CO WD #49	6,644	\$ 5,012	\$ 4,086	\$ 6,080	\$ 8,073	1.20
10000-99999	WOODINVILLE	16,139	\$ 6,266	\$ 9,380	\$ 14,020	\$ 18,660	1.15
10000-99999	SPOKANE	74,325	\$ 10,000	\$ 42,837	\$ 64,205	\$ 85,574	1.15
100,000+	SEATTLE	180,379	\$ 10,000	\$ 50,000	\$ 75,000	\$100,000	flat fee

Facts & Figures

- Total annual ODW Budget - \$15 million
- Current annual revenue from operating permit and waiver fees = \$1.4 million
- Future annual revenue (after state general funding reduced)
 - ✓ Year 1 is \$1.5 million, year 2 is \$2.1 million, and year 3 is \$2.2 million
 - ✓ Potential net increase of \$800,000

Operating Permit Proposal

- We'll use increased funding to:
 - ✓ Pay for recommendations of 2009 Small Water Systems Report to Legislature
 - ✓ Determine chemical monitoring requirements and eliminate waiver fees
 - ✓ Improve our surveys and technical assistance, especially for small systems
 - ✓ Make improvements to our data system
 - ✓ Replace some of program's State General Funds

2009 Small Systems Report

- Recommendations we'd implement:
 - ✓ Create a tool to estimate small water systems' technical, managerial & financial capacity
 - ✓ Change water system planning program to help small systems with warning signs of financial problems
 - ✓ Expand financial technical assistance by 3rd-party providers

How we compare

- Other states have annual fees
 - ✓ At least 16 states charge annual fee
 - ✓ Minimum community system fee: \$75 – \$250
 - ✓ Per connection charge \$0.95 – \$5.18; typical \$1.50 – \$2.00
- Some local health agencies have annual Group B fee which exceeds our Operating Permit fee for small Group A systems
 - ✓ Range = \$65 - 100

Operating Permit Proposal

- Large water systems
 - ✓ state maintains primacy
 - ✓ small systems share the cost
- Small water systems
 - ✓ more technical assistance to improve their capacity
 - ✓ waiver fee eliminated
- State of Washington
 - ✓ dedicated funding source for small system program improvements
- Drinking Water Program
 - ✓ stable funding source to help maintain credible program

Process & Tentative Timeline

- Agency Request to Governor – Sept 2010
- Governor's Budget – December 2010
- 2011 Legislative Proposal to revise statute
- Rule adoption – Fall 2012
- New fee structure effective – January 2013



We need your support

- What do you think of this proposal?
- How can we best reach out to small systems to let them know of the proposal?