

SENATE BILL REPORT

SB 5910

AS REPORTED BY COMMITTEE ON ENERGY & UTILITIES, MARCH 3, 1993

Brief Description: Assisting public drinking water systems.

SPONSORS: Senator Sutherland

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: That Substitute Senate Bill No. 5910 be substituted therefor, and the substitute bill do pass.

Signed by Senators Sutherland, Chairman; Jesernig, Vice Chairman; Amondson, Hochstatter, McCaslin, Owen, Roach, A. Smith, Vognild, West, and Williams.

Staff: Phil Moeller (786-7445)

Hearing Dates: March 2, 1993; March 3, 1993

BACKGROUND:

There are over 12,000 public water systems operating in the state of Washington. These include large and small consumer-owned municipal systems, some public utility districts, several counties, water districts, 82 private systems with enough customers or revenue to be regulated by the Utilities and Transportation Commission, and thousands of small systems owned either privately or by homeowner associations.

Federal Safe Drinking Water Act testing requirements have increased significantly since 1986, and more testing requirements will be phased in over the next several years. When the costs of these tests are spread across all the ratepayers in the system, the effect is small for large systems but can be prohibitively large for small systems.

Many of these systems face huge capital requirements in the next decade to assure adequate quantity and quality of the water they provide. The Department of Health has estimated that over \$2 billion will be needed for water system infrastructure replacement and treatment facilities by the end of the decade. Of this total, \$400 million will be needed by small systems, those with under 1000 service connections. Approximately \$25 million in grants and loans was available in fiscal year 1991 for drinking water projects by cities, counties, and water districts.

There is a significant amount of discussion in Washington D.C. on spending several billion dollars for infrastructure improvements throughout the nation. A major portion of any appropriated funds are likely to be dedicated for public drinking water systems. There is some concern that the state lacks a sufficient mechanism to transfer any federal funds

granted to the state for drinking water infrastructure improvements.

SUMMARY:

The drinking water assistance account is created in the State Treasury. Funds placed in the account may include but are not limited to proceeds from bond sales, transfers from other accounts, and federal financial assistance. Moneys from the account may only be spent on drinking water projects and must be approved by the Secretary of the Department of Health (DOH) or by the Public Works Board after appropriation.

DOH, in conjunction with interested parties, is required to establish a method to provide for grants and loans to public water systems. Goals for establishing the method are specified, including emphasis on consistency with established water resources plans, consolidation of small systems, water conservation, adequate engineering, comprehensive testing, and coordination with other state programs.

The Public Works Board shall develop a financial assistance program for public water systems with critical public health needs.

DOH and the Public Works Board are entitled to reasonable administrative expenses in developing financial assistance programs for public drinking water systems. When providing services relating to these systems, governmental entities shall emphasize cost-effective and efficient service delivery.

EFFECT OF PROPOSED SUBSTITUTE:

Language is added to clarify that financial assistance may be provided subject to federal guidelines and consistent with state agency policies. Agencies are given the authority to meet necessary requirements.

The appropriations sections are removed.

An emergency clause is added.

Appropriation: none

Revenue: none

Fiscal Note: requested February 25, 1993

TESTIMONY FOR:

There are significant capital needs for rebuilding drinking water system infrastructure. Federal funds are expected and creating this account and the guidelines will expedite the disbursement of these funds.

TESTIMONY AGAINST: None

TESTIFIED: Pete Butkus, Public Works Board, DCD; Joe Daniels, Washington State Water/Wastewater Association (pro); Dave Clark, Drinking Water Program, DOH; K.O. Rosenberg, Dave Arbaugh, PUDs (pro)