



January 18, 2024

Submitted via: DDW-SAFERNAU@waterboards.ca.gov

Ms. Kristyn Abhold
Senior Environmental Scientist
Division of Drinking Water
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

RE: Proposed Updates to the Drinking Water Cost Assessment Model: Other Essential Infrastructure, Admin Needs, and Interim Solutions

Dear Ms. Abhold:

The Association of California Water Agencies (ACWA) and the California Municipal Utilities Association (CMUA) appreciate the opportunity to provide comments regarding the State Water Resources Control Board's (State Water Board) Proposed Updates to the Drinking Water Cost Assessment Model: Other Essential Infrastructure, Admin Needs, and Interim Solutions (draft document). ACWA represents over 470 public water agencies that deliver over 90 percent of the water delivered for residential, agricultural and commercial purposes in California. CMUA represents 50 water agencies that deliver drinking water to over 75 percent of Californians.

ACWA and CMUA respectfully submit the following comments for the State Water Board's consideration.

Comment 1 – Provide a more comprehensive and transparent explanation of the underlying reasons for the anticipated 132% rise in costs associated with long-term water management solutions.

ACWA and CMUA are committed to the successful implementation of the Safe and Affordable Funding for Equity and Resilience (SAFER) program. Critical to that success is the efficient and effective application of the program's limited resources. The draft document proposes updates to the Cost Assessment Model that would result in the total capital cost estimate for long-term solutions increasing from \$4.56 billion to \$10.57 billion, a \$6.01 billion increase. This is an unprecedented increase in such a short time frame. The drivers behind the anticipated increase in cost should be clearly communicated in a single document to support transparency and accessibility.

ACWA and CMUA played a key role in the passage of SB 200 (Monning, 2019), which was designed to address funding gaps and provide solutions to water systems, especially those serving disadvantaged communities, to address both their short- and long-term drinking water needs. The Safe and Affordable

Drinking Water Fund provides \$130 million per year through 2030 to enable the State Water Board to help develop and implement sustainable solutions for small systems with drinking water standards violations.

The draft document points out many of the factors contributing to the projected increase. These factors include an estimated increase in the number of high-risk domestic wells (from 62,607 in the 2021 model to a preliminary assessment of 154,353 in the updated model), and the addition of a “New Private Well” option in the modeled long-term solutions available, resulting in an estimated 55,458 new private wells needed. ACWA and CMUA request that the draft document clearly explain the State Water Board’s decision to adjust the number of high-risk domestic wells and include “New Private Wells” as a long-term solution in the model. While the reasoning behind these updates may be explained in other documents or throughout this draft document, a cohesive “one-stop-shop” section in the document that explains the sources and justification for the dramatic increase in costs would enhance readability and support transparency.

Comment 2 – Provide additional opportunities for the public to review and provide feedback on the factors driving the increased cost estimate.

ACWA and CMUA recognize that the ongoing updates to the Needs Assessment and Cost Assessment Model are time- and labor-intensive for State Water Board staff, and that the State Water Board is interested in the timely finalization of both documents. However, ACWA and CMUA believe that the extraordinary rise in costs associated with the proposed updates requires extraordinary opportunities for the public to engage with the State Water Board. An update to the State Water Board through an informational hearing on the Cost Assessment Model with thorough explanation of the factors driving the increased cost estimate would provide supplemental opportunity for public engagement through public testimony or questions in a medium that is easily accessible.

ACWA and CMUA also suggest that the State Water Board offer a second opportunity for interested parties to comment on the draft document once the State Water Board has incorporated the first round of comments, and State Water Board staff has had an opportunity to further incorporate the additional wells and related analysis due to the inclusion of additional “failing” criteria, as these additions could result in major changes to the costs and assumptions included in the document.

Comment 3 – Provide greater detail about the underlying assumptions used to calculate the “Planning and Construction” and “Engineering” multipliers, as these multipliers can significantly inflate costs.

The draft document includes some explanation of the calculus involved in the “Planning and Construction Multiplier” in Appendix A (page 58). Staff recommends in the draft document that the State Water Board maintain the same assumptions for the centralized treatment planning and construction multipliers and include a 10% planning and construction multiplier for estimated physical consolidation capital costs. Given the dramatic increase in estimated costs for physical long-term solutions, ACWA and CMUA request that staff provide additional information about the assumptions used to select the original multiplier and the additional 10% proposed in the draft document.

Given the potentially significant impact of multipliers on the overall cost estimate, it is important that the State Water Board clearly communicate the impact and variability of multipliers. For example, a “Class 5 cost estimate” (page 17) can increase the cost of a project by as much as 100%. The multipliers used in the draft document may be the most appropriate and consistent with industry standards; however, more background information in the document would help the public understand staff’s thinking.

Comment 4 – ACWA and CMUA appreciate the improved transparency of the Proposed Updated Cost Assessment Model Long-Term Solution Selection Process for Failing Public Water Systems.

The Proposed Updated Cost Assessment Model Long-Term Solution Selection Process for Failing Public Water Systems (Fig. 2) is an improvement over the original 2021 Costs Assessment Model. ACWA and CMUA support the recommendations toward centralized delivery of the long-term solutions as a means to advance reliability.

Comment 5 – Better explain how operation and maintenance (O&M) costs for modeled solutions will be included in the final Cost Assessment Model.

On page 18, staff note:

The results of the preliminary Cost Assessment are summarized in Table 3 through Table 9 below and detailed in Appendix C. It is important to note that this analysis did not include an estimation of long-term operation and maintenance costs for modeled long-term solutions. [emphasis added]

This approach appears to be inconsistent with the October 5, 2023 White Paper: Proposed Changes for Modeled Long Term Treatment, where staff state:

The Cost Assessment Model includes an estimation of long-term operations and maintenance (O&M) costs for the modeled treatment technologies when physical consolidation is not viable. The State Board includes estimated O&M expenses related to modeled long-term technologies because SAFER program funding can support qualifying O&M expenses. [emphasis added]

ACWA and CMUA recognize that O&M costs can be labor-intensive to calculate. The State Water Board may be planning to include an estimation of long-term O&M costs for all modeled long-term solutions at a later date. ACWA and CMUA request that staff clarify in the document how and if O&M costs will be included in the model moving forward.

Comment 6 – ACWA and CMUA support the proposed updates to the duration of interim assistance.

On page 16, staff recommend lowering the duration of interim assistance to 3 years for “failing” water systems and high-risk state small water systems and to 2 years for high-risk domestic wells. ACWA and CMUA appreciate that the State Water Board is updating the Cost Assessment Model based on real-world observed emergency and interim projects.

Comment 7 – Consider the effect of maintenance and other factors on the lifespan of private wells.

The draft document could be improved with an analysis of the effect of regular maintenance on private well lifespan. The draft document assumes a private well will operate for 20 years before being replaced. A brief online review suggests that a well receiving regular maintenance could remain functional for many decades. This is supported by guidance released in 2022 by the U.S. Environmental Protection Agency, “Taking Stock of Your Water System: A Simple Asset Inventory for Very Small Drinking Water Systems,” which estimates the useful life of a drinking water well to be at least 25 years.

The useful life of a well will vary greatly based on local conditions, the quality of components, and the regularity with which it is maintained. ACWA and CMUA also suggest that the State Water Board include a summary of its research that supports the 20-year lifespan assumption and consider revising the assumption to a minimum of 25 years.

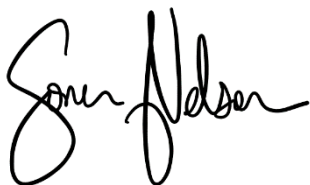
Comment 8 – Include additional considerations for the updated cost model.

On page 24, staff request feedback on additional cost data available to update the Cost Assessment Model’s underlying cost assumptions. ACWA and CMUA suggest that staff consider the following in the model:

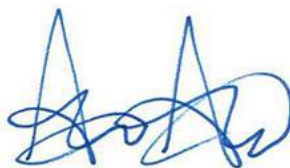
- An in-depth analysis of the costs associated with providing bottled water vs. hauled water.
- Opportunities and feasibility of advancing regional capital infrastructure that provide long-term solutions for multiple systems/communities where consolidation or decentralized treatment is not viable.
- An analysis of the costs and feasibility associated with a medium or large “failing” system receiving one or more small “failing” systems.
- An exploration of how pilot projects or artificial intelligence could be used to improve the model and the data it relies upon.

ACWA and CMUA appreciate the State Water Board’s consideration of these comments. If you would like to discuss them, please contact Soren Nelson at sorenn@acwa.com or (916) 441-4545 or Andrea Abergel at AAbergel@cmua.org or (916) 841-4060.

Sincerely,



Soren Nelson
State Relations Advocate
Association of California Water Agencies



Andrea Abergel
Manager of Water Policy
California Municipal Utilities Association

cc: The Honorable E. Joaquin Esquivel, Chair, State Water Board
 The Honorable Dorene D'Adamo, Vice Chair, State Water Board
 The Honorable Laurel Firestone, State Water Board
 The Honorable Sean Maguire, State Water Board
 The Honorable Nichole Morgan, State Water Board
 Mr. Eric Oppenheimer, Executive Director, State Water Board
 Mr. Darrin Polhemus, Deputy Director, Division of Drinking Water, State Water Board
 Mr. Andrew Altevogt, Assistant Deputy Director, Division of Drinking Water, State Water Board