January 18, 2019

California Water Plan Update 2018
Strategic Water Planning Branch
Statewide Integrated Water Management
California Department of Water Resources
Attn: Francisco Guzman
P.O. Box 942836
Sacramento, CA 94236-0001

VIA EMAIL: cwpcom@water.ca.gov

Re: Comment letter – Draft California Water Plan Update 2018

Dear Francisco Guzman,

On behalf of Olivenhain Municipal Water District, thank you for the opportunity to provide the Department of Water Resources with input on the draft California Water Plan (Update 2018). OMWD provides 86,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

OMWD’s primary concern with Update 2018 is the novel funding mechanisms that were proposed by which to supplement existing funding mechanisms like the State General Fund. Specifically, Update 2018 proposes a watershed assessment and water surcharge fee to fund regional projects. Though funding water projects is a noble end, local water agencies are best suited to make decisions on water projects and the most appropriate way to fund those projects. For example, OMWD and its neighboring agency, Vallecitos Water District, identified a mutually beneficial project by which OMWD now conveys treated water to VWD, ultimately providing cost savings to ratepayers of both districts. Revenue for this project was funded by each agency’s water rates, and is seen favorably in the public’s eye as an effort made by both districts to provide cost savings to their customers.

A watershed assessment or water surcharge fee would not be received as favorably by the public, even if the funds were used for similar projects. Customers already scrutinize their water bill, rightfully so, and adding this novel funding source will be seen as just another fee on the water bill without a clear connection to the benefit. OMWD customers frequently raise concerns about fixed fees on the monthly water bill, and adding an additional surcharge fee will exacerbate the issue; meanwhile, if a surcharge is added to the variable component of the water bill, concerns will be raised about equitability. These issues occur within an individual district, and will be greatly compounded if funds from multiple districts are pooled together.
It is not just retail water agencies that reject new charges on water bills as a method by which to fund state-mandated programs. In the State Water Resources Control Board’s recent Low-Income Water Rate Assistance Draft Report, the board recommended against a fee on water bills as a LIRA funding mechanism. Additionally, the board identified several administrative challenges that would also be applicable to a watershed assessment or water surcharge fee to fund regional projects—notably, administrative costs, unique rate structures, and different billing systems all would raise challenges in demonstrating the direct nexus to the fee.

Due to the aforementioned concerns, OMWD strongly recommends removing the water surcharge fee as a novel funding mechanism. If you or your staff should need any additional details pertaining to this assessment, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards,

Kimberly A. Thorner
General Manager