



Date: January 23, 2019

TO: The Honorable Senator Laurie Monnes Anderson, Chair
Senate Committee on Health Care

FROM: Pat Allen, Director
Oregon Health Authority

SUBJECT: Senate Bill 27 – Drinking Water Fee Authority

Chair Monnes Anderson and members of the committee; I am Pat Allen, Director of the Oregon Health Authority. I am here in support of Senate Bill 27 which is an agency bill related to the Drinking Water program's fee authority.

The Drinking Water program within the Public Health Division regulates and monitors state public drinking water systems and is the primacy agency enforcing the federal Safe Drinking Water Act (SDWA). Currently, the program is understaffed. Due to budget constraints, the program has lost over 30% of its authorized positions since 2009. In addition, local public health authority partners that perform work under contract have been flat funded for several years while workload has increased. We are concerned that further erosion of the program could threaten the public's health. The cyanotoxin crisis in Salem last year highlighted the importance of drinking water regulation in protecting public health.

This bill addresses the problem by broadening statutory authority for program fees. Specifically, it would replace the existing sanitary survey or inspection fee with an annual regulatory fee that supports a broader range of mandated regulatory services, including inspections, processing of water quality data, response to detections of contaminants, and technical assistance and review.

The intention with restructuring these fees is to generate additional revenue to restore five positions to the program and to increase funding levels for local partners that account for inflationary pressures. Restoring program capacity will eliminate monitoring and data backlogs and the need for hiring temporary employees. Restoration would also free up engineering staff to focus on technical reviews and provide resources to adequately

regulate small, state regulated water systems that we currently cannot effectively regulate.

The fee schedule we are proposing builds on the existing sanitary survey fee structure, and adds additional fee tiers and accounts for services related to managing and responding to water quality data reports. The Drinking Water program processes over 180,000 lab analyses per year, which is the primary means of determining whether water supplied to the public is safe. Larger water systems are required to sample their water systems more frequently and to analyze for a much longer list of contaminants than small systems. The proposed fee structure asks 45 of the largest public water systems to pay substantially higher fees to recognize this workload.

While the increase in fees for these larger systems is significant, the cost per person served by these systems is very low. For example, the cost per person for Salem would be just \$0.22 per year. We think the structure we have proposed is reasonable and more equitable than the current sanitary survey fee structure. Under the existing fee structure large systems like those serving Portland and Salem pay the same rate as smaller systems like Baker City. Under the current fee structure, small systems pay a disproportionate share of total revenue. The revised structure would improve equity between large and small systems.

The revised fee structure is intended to provide supplemental support to the program to support base program capacity. It assumes that federal funds continue to provide the majority of program funding and that general fund support continues at the same level. This mix of revenue sources is a necessary and appropriate means of supporting a sustainable program.

We have discussed our program needs and proposal with stakeholders and with the Drinking Water Advisory Committee. There is broad recognition of the importance of maintaining the integrity of the program to ensure safe drinking water and protecting the public's health.

I would be happy to answer any questions or provide additional information.