



Safe Drinking Water Program

Funding shortfall implementation options

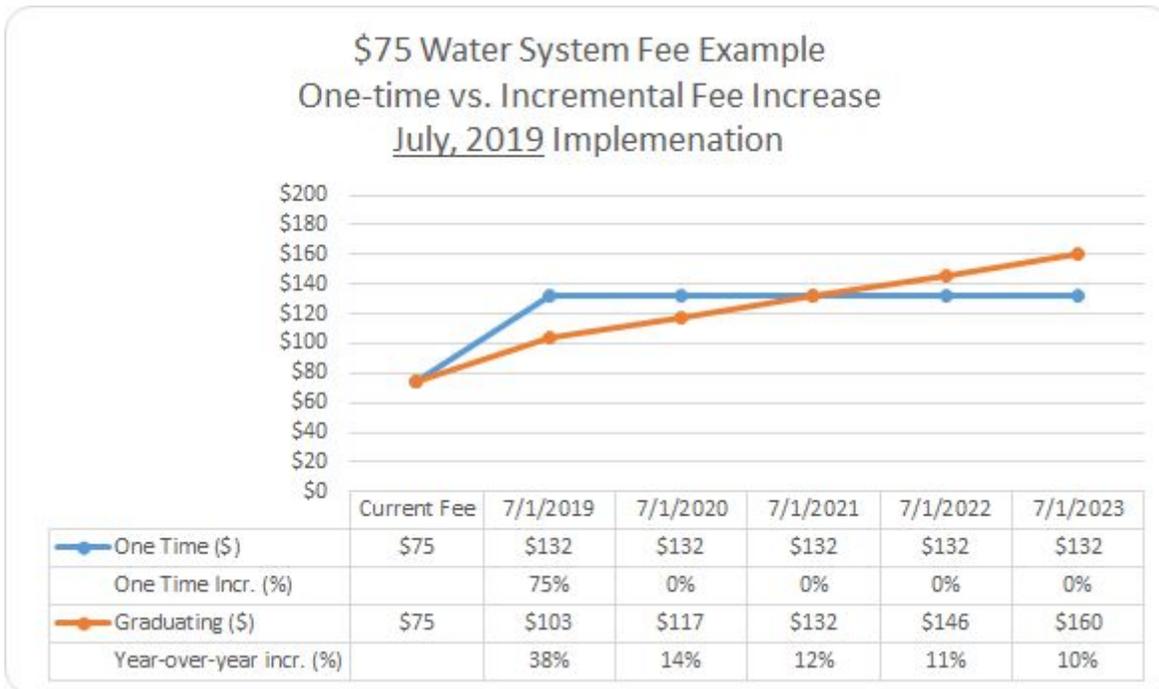
The Safe Drinking Water Program provides a broad array of compliance oversight, technical and financial assistance services to approximately 2,000 public drinking water systems in Colorado to assist them in providing safe drinking water to the public.

In fiscal year 2018-19, the program will receive approximately 81 percent of its funding from federal funds, 11 percent from the General Fund and eight percent from cash funds paid by regulated public drinking water systems via an annual fee. Historically, federal funds and General Fund appropriations have remained relatively flat and cash fees have not been raised since 2007. Salaries and operating costs within the program continue to rise, creating a financial shortfall in program revenue, which is not sustainable in the long-term. The department made significant staff and service level reductions in August 2017 to remain solvent through the next few state fiscal years, dependent on federal funding levels.

The program engaged with stakeholders in the second half of 2017 to discuss the forecasted funding shortfall and possible solutions based on feedback received. Six scenarios outlining different funding options were provided. Through the discussion, an additional scenario, Scenario 7 was developed. Scenario 7 proposes to divide the funding shortfall request equally across the three funding sources: General Fund, a newly implemented design review fee (cash funds) and the existing public drinking water system fee (cash funds).

Based on Scenario 7, the program calculated two possible options outlined in the charts below. Chart 1 provides an example of the impact to the current \$75 annual public drinking water system fee if legislation is proposed in the upcoming January 2019 legislative session. It also outlines two options for the public drinking water system fee increase. The blue trend line depicts a one time fee increase effective July 1, 2019, while the orange trend line illustrates an incremental fee increase. Year by year (graduating) fee percentage increases are shown in the table at the bottom of the chart.

Chart 1 - 2019 legislative session, implementation July 2019



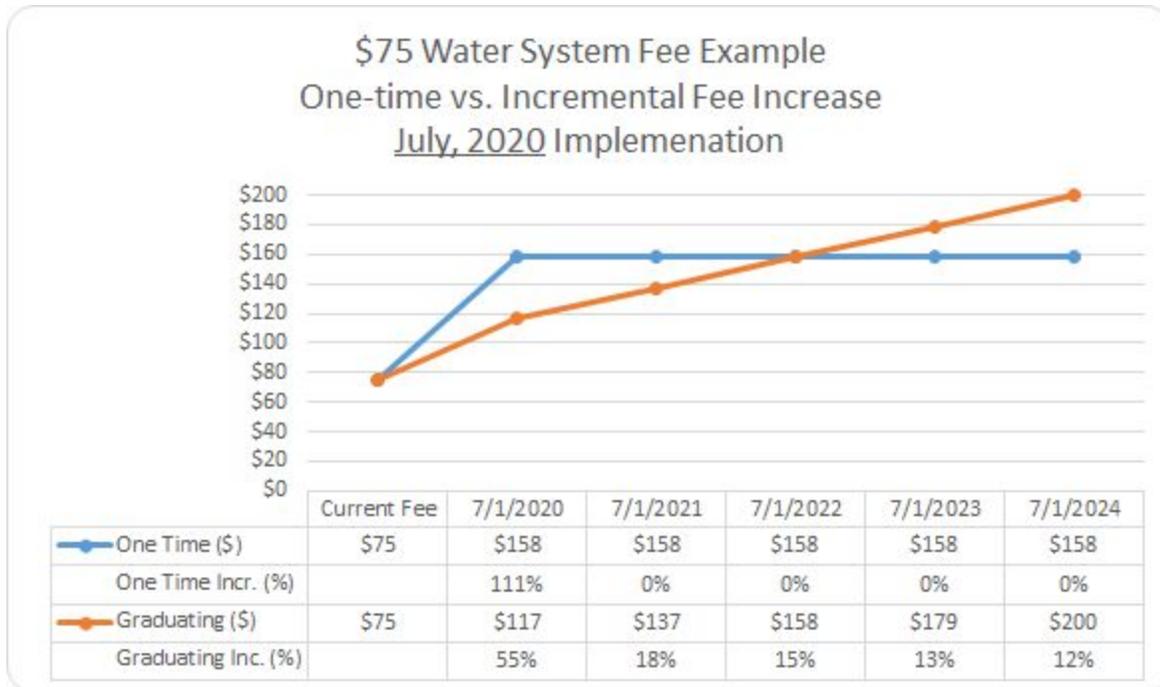


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Chart 2 provides an example of the impact to the current \$75 fee if legislation is proposed one year later, or in the January 2020 session. As in Chart 1, It also outlines two options for the public drinking water system fee increase. The blue trend line depicts a one time fee increase as of July 1, 2020, while the orange trend line illustrates an incremental fee increase. Year by year (graduating) fee percentage increases are shown in the table at the bottom of the chart.

Chart 2 - 2020 legislative session, implementation July 2020



For either option, a design review fee schedule similar to the one presented at prior stakeholder meetings would be included. The design review fee schedule represents one-third of program funding.

Next steps

We want to hear your feedback on the desire for a graduated fee increase. We also need to hear if you want to submit the legislative proposal in 2019 or 2020.

[Take the survey.](#)