Drinking Water Program Fees

STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

Welcome & Introduction

- Fees History
- Current Program Funding Overview
- Program Services Highlights
- Fee Rule Proposal

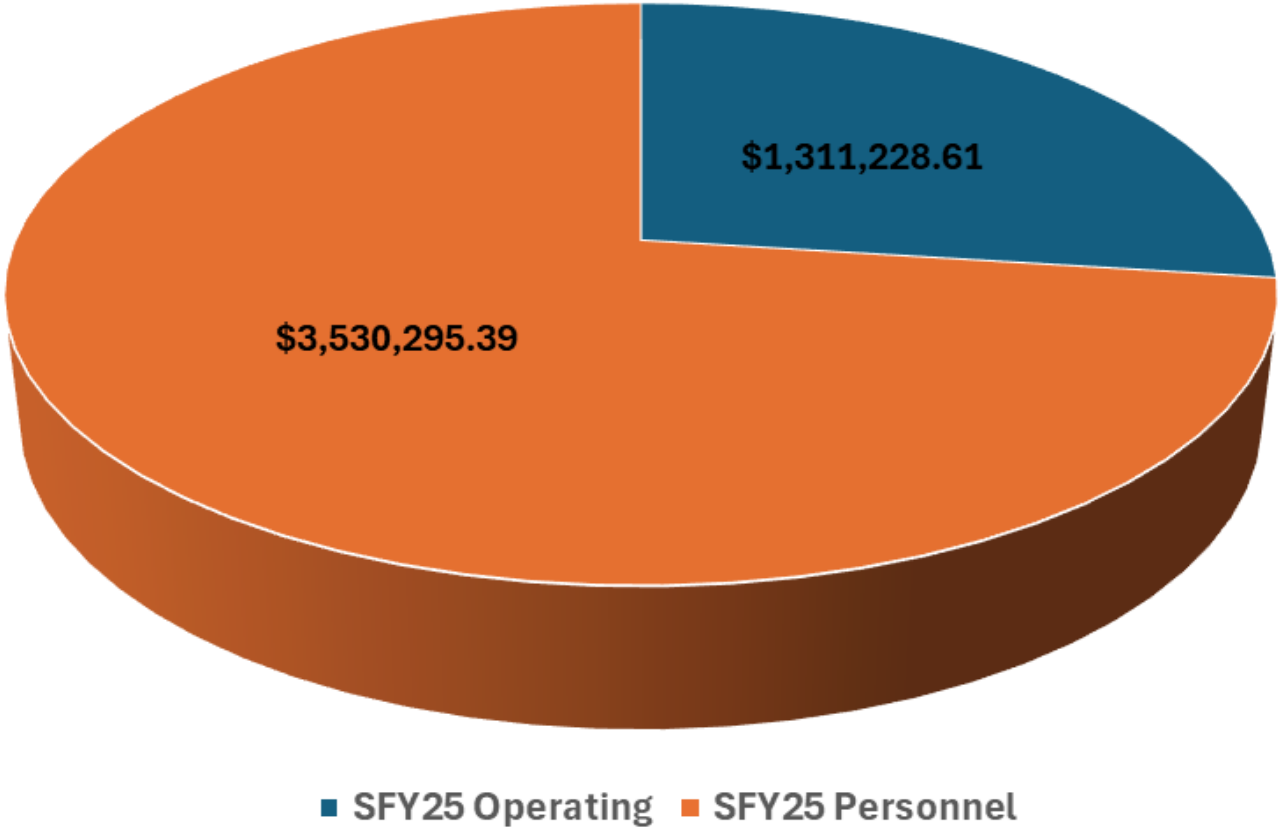
Drinking Water Fee History

- SFY93
  - ~ $950,000 from the Water Pollution Control Account (general funds).
  - ~ $685,000 from a federal EPA grant .
- DWSRF did not exist until 1996 as part of the SDWA amendments enacted in August of 1996.
- 1992 legislative session
  - Legislature directed/informed DEQ to find/develop an alternative form of funding for the drinking water program (i.e., no more WPCA funding)
  - Drinking Water Advisory Committee fee recommendation

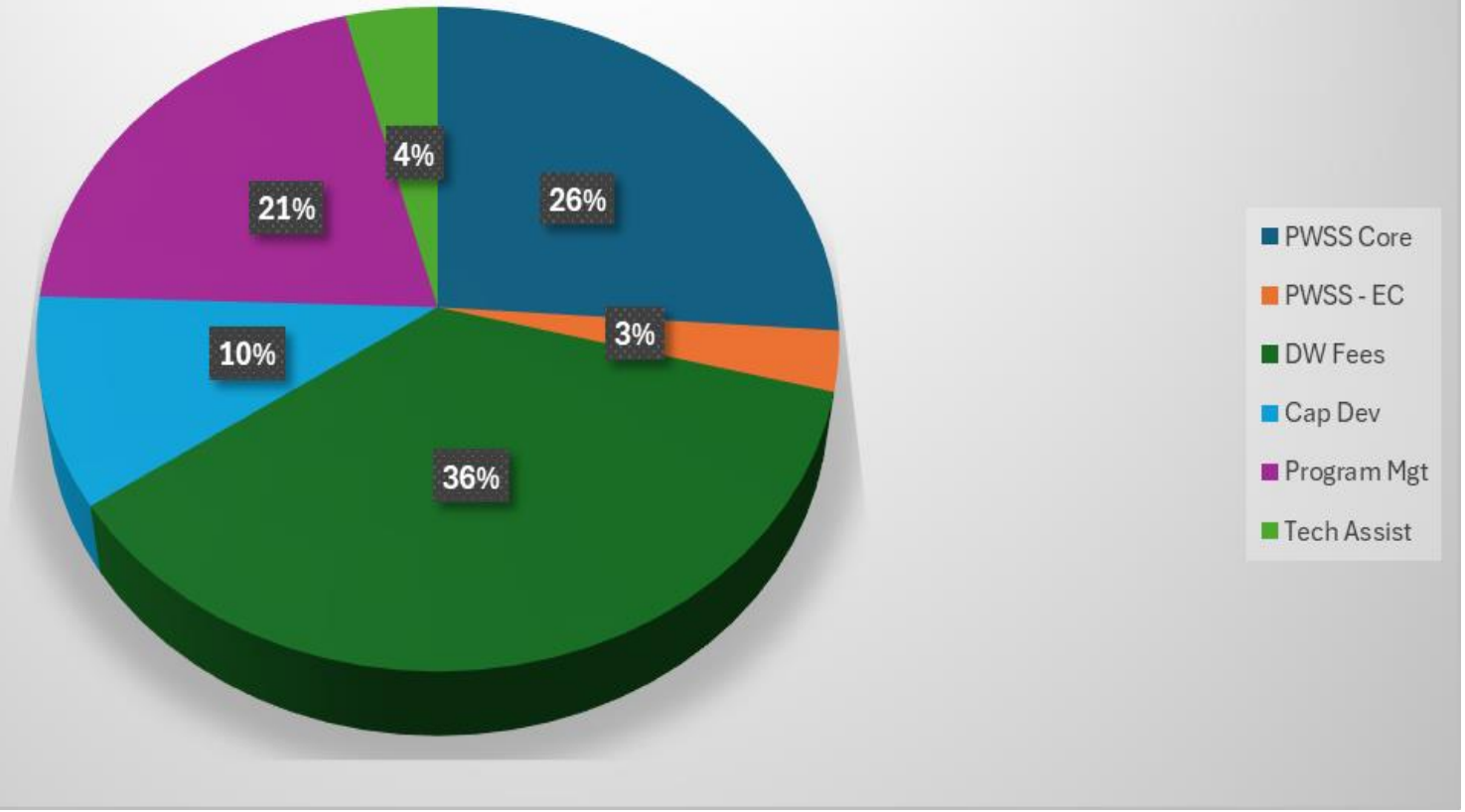
DW Program Current Funding Sources

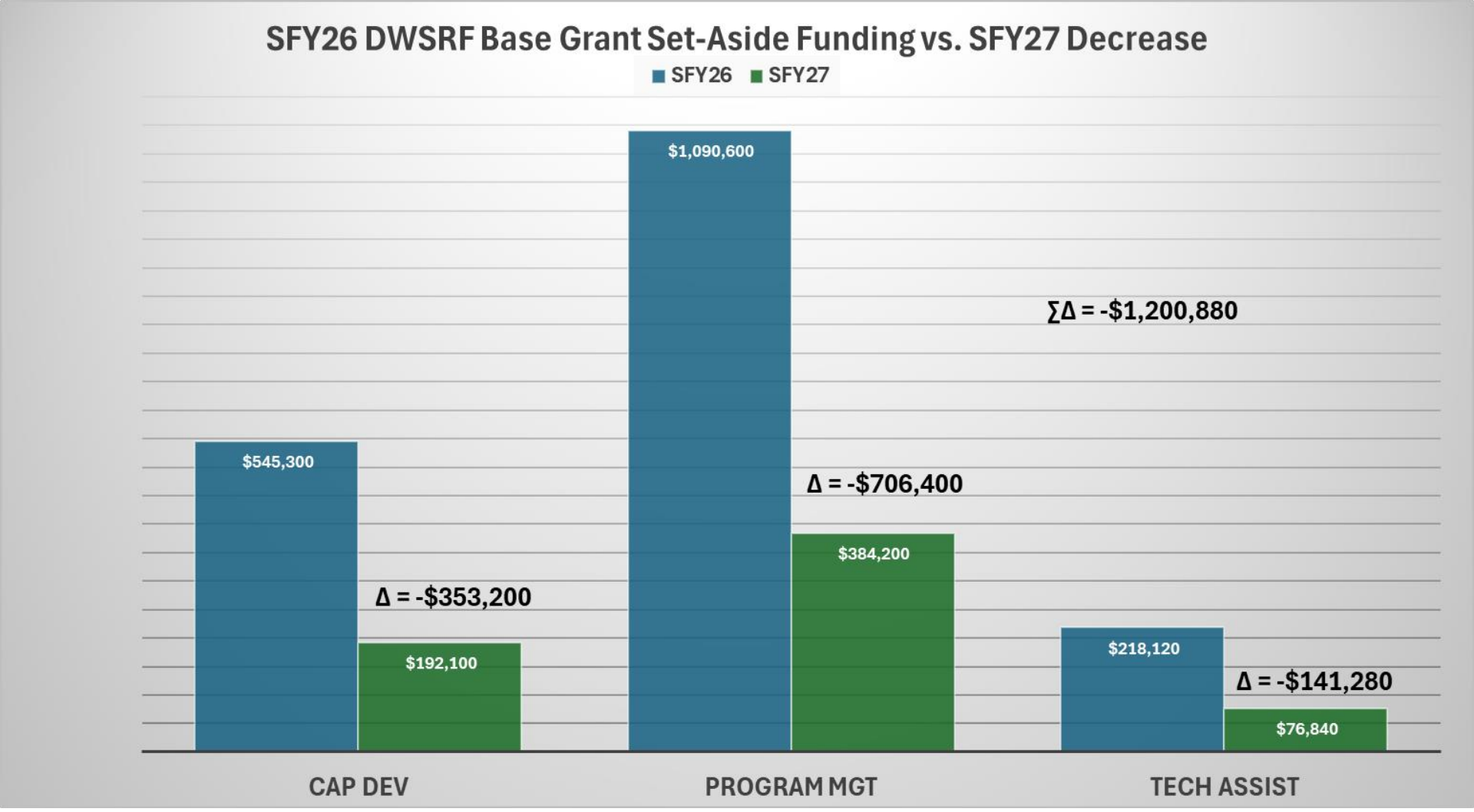
- Drinking Water Fees
  - Paid by all public water systems
- Public Water System Supervision (PWSS) Grant
  - Federal funding through EPA to states
- Drinking Water State Revolving Fund (DWSRF) Grant
  - Annual EPA grant to states for infrastructure loans
  - A limited portion (%) may be reserved as “set-asides” for drinking water program support
    - Technical assistance, capacity development, program management

SFY25 Operating & Personnel Expenditures



SFY26 Drinking Water Bureau Base Funding - Percentage by Funding Source




SFY26 DWSRF Base Grant Set-Aside Funding vs. SFY27 Decrease
SFY26
SFY27
$545,300
$192,100
Δ = -$353,200
$1,090,600
$384,200
Δ = -$706,400
$218,120
$76,840
Δ = -$141,280
∑Δ = -$1,200,880
CAP DEV
PROGRAM MGT
TECH ASSIST

Drinking Water Program Funding SFY27

Fees: $1,940,504

*Assumes all fees are paid

$ PWSS Grant: $1,397,000 (SFY27)

Additional $156,000 for emerging contaminants

€ Drinking Water State Revolving Fund Set-Asides

Program Management (10%): $384,200

Capacity Development (5%): $192,100*

Technical Assistance (2%): $78,840

Total program funding: $4,148,644 ($1.202M less than SFY26)

Why Fees Are a Larger Share of Program Funding

Federal program-support funding declined, so fees must cover more of the same core program cost

Core point

The Drinking Water Program is funded through both fees and federal funds.

Most DWSRF funding supports infrastructure loans.

A limited portion may be reserved as set-asides for eligible program work.

When available set-aside funding declines, fees become a larger share of the budget.

SFY27 projected program funding

$4.149M

approximately $1.202M less than SFY26

SFY27 projected funding mix



Total: $4.148644M

Drinking water fees	$1.941M	47%
PWSS grant	$1.397M	34%
DWSRF set-asides	$0.655M	16%
Emerging contaminants	$0.156M	4%

Fee proposal goal: maintain current services and Idaho primacy, not expand the program.

Idaho Program Services

- Regional offices with local contacts
- Compliance assistance examples:
  - Development and maintenance of the PWS Switchboard that contains several compliance tools for PWSs
  - TA provider work on inventories
  - Trainings, workshops and other association presentations
    - AIC, WUC, DWAC, IRWA conferences, AWWA conferences
    - Operator testing prep training
  - Monitoring and compliance schedule reminders
  - Conducting sanitary surveys and on-site visits to prevent and detect deficiencies

Idaho Program Services

- Providing monitoring waivers when appropriate (monitoring waivers save a water system up to $700–$900 per year per source)
- Reviewing water system engineering plans and specifications
- Loaning specialized monitoring equipment
- Assisting with public notifications and CCRs
- Facilitating pass-through funding for emergency response equipment and operator apprenticeship programs
- Staff familiarity with systems and can provide specialized/customized assistance

Cost per Connection Analysis

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	PWS #	PWS Name	Amount Invoiced in FY2026	Type	# connections	Current cost per connection	Invoice Amount Under Proposed % increase	$ increase for proposed % increase	Proposed Cost Per Connetion Under % Increase	Invoice Amount Under Proposed flat rate increase	$ increase for flat rate increase	Proposed Cost Per Connection Under Flat Rate	Invoice Amount Under Proposed flat rate first increase

- Fee Year 2026 & 2027 (projected) invoiced $1.94M
- Fee Year 2028 projected receipts: $1.97M @ $100 + $3 per connection
- Fee Year 2029 projected receipts: $3.46M @ $100 + $5.65 per connection

Annual Service Connection Update

- By July 1 annually DEQ sends notices to all systems requesting any updates to service connection and contacts
- By August 1, systems submit any updates
- Mid-August, DEQ utilizes data for fee invoices

Negotiated Rulemaking Comment Summary

IDAPA 58.01.08 | Docket No. 58-0108-2601 | Drinking Water Program Fees

BROAD SUPPORT

Fee Increase Warranted

- Majority of commenters accept need for fee increase after 30+ years unchanged
- Cities of Meridian, Eagle, Orofino, and IRWA explicitly support maintaining Idaho primacy
- Strong consensus that losing DEQ primacy to EPA would worsen outcomes and costs

PRIMARY CONCERN

Phasing & Equity

- Flat rate ($100 + per-connection) preferred over tiered structure — adopted in proposed rule
- Two-year phased rollout (Year 1: $100 + $3.00; Year 2: $100 + $5.65) widely requested and incorporated
- Political subdivision Oct-Sep budget cycle alignment requested by Greenleaf — addressed via Sept 1 invoice / Oct 1 due date

NOTABLE OPPOSITION

Affordability & Accountability

- Small/rural systems (Huckleberry Bay, Kamiah, Salmon) cite compounding financial burdens
- North Kootenai and Hayden Lake oppose using fees to fund SRF programs — DEQ clarified fees fund primacy only, not SRF loans
- Coeur d'Alene Water Dept. flags inconsistent guidance and DEQ-as-enforcement perception; noted for program leadership

DEQ Response: All substantive concerns addressed in proposed rule — flat rate structure, two-year phase-in, fee reduction/suspension provision (Sec. 007.09), and annual DWAC reporting commitment.

Key Rule Changes Driven by Stakeholder Input

IDAPA 58.01.08 Section 007 — Proposed Revisions

Section	Change	What the Rule Now Says	Stakeholder Driver
Sec. 007.02	**Flat rate for all tiers**	$100/system + $5.65/connection; eliminates tiered structure and per-connection disparity	Universal — small and large systems alike
Sec. 007.02	**Phased implementation**	Year 1: $100 + $3.00/connection | Year 2: $100 + $5.65/connection	Cities of Burley, Greenleaf, Meridian, IRWA, Veolia
Sec. 007.04/05	**Invoice timing**	Sept 1 statement; Oct 1 due date — aligned to political subdivision Oct-Sep fiscal year	City of Greenleaf
Sec. 007.05(c)	**Quarterly payments**	Systems with 250+ connections may request quarterly installments	City of Kuna, City of Meridian
Sec. 007.06	**Late fees**	Greater of $50 or 10% of invoice (max $1,000) if more than 90 days delinquent	IRWA, City of Meridian
Sec. 007.09	**Fee reduction / suspension**	Fees reduced or suspended if collections exceed demonstrated program costs	North Kootenai Water District, IRWA, Courtnie Dawson (IRWA)

Fee purpose unchanged: all fee revenue replaces lost DWSRF set-aside funding to maintain current program services and Idaho primacy. Fees do not fund SRF infrastructure loans.

Proposed Fee Revision – Flat Rate

Community & Non-Transient Systems

- $100 base rate
- Plus $5.65 per connection
- 2- year phased rollout starting fee year 2028

Transient Systems

- $100 flat rate
- Implemented fee year 2028

Proposed Fee Revision – Phasing

- Community & Non-Transient systems
  - 1 year after rule finalized (2028) - $100 plus $3.00 per connection
  - 2 years after rule finalized (2029) - $100 plus $5.65 per connection
  - Allows for budgeting and PUC tariff adjustments

Additional Proposed Revisions

- Required electronic invoice delivery and payment, unless prohibited
  - Electronic delivery & payment required for eligibility for quarterly invoices
- Late fees if more than 90 days delinquent
- Collections if more than 180 days delinquent in accordance with Idaho Code §67-2358
- Temporary fee reduction if fund balance exceeds prudent reserves for operations

Thank you.

Tyler.Fortunati@deq.Idaho.gov
208-373-0140

STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY