



FC 1025 (08/17/11)

Meeting Date: 11/15/11  
Agenda Item: 2.1  
Unclassified Manager: S. Oblonsky  
Extension: 2720  
Director(s): All

## BOARD AGENDA MEMO

**SUBJECT:** Proposed CEO Interpretation Strategy for Board Policy E-2.3 Regarding Fluoridation

### RECOMMENDATION:

- A. Review and provide input on the proposed new CEO Interpretation Strategy for Board Policy No. E-2.3 Reliable High Quality Drinking Water is Delivered.

E-2.3.1.2 "Provide fluoridated drinking water at the District's three water treatment plants and the Campbell well field, provided that external funding is obtained for the capital, and operation and maintenance costs of the fluoridation systems."

- B. Provide direction regarding the funding of the capital and operation and maintenance costs.

### SUMMARY:

#### Background

The Board held two informational workshops on the topic of fluoridation on November 23, 2010 and March 22, 2011. At the workshops, District staff presented information on California's fluoridation regulation (see next section), the status of fluoridation at the state, county, and District level, the cost estimates for fluoridating the District and San Jose Water Company (SJWC)'s water systems, and details on the process the Metropolitan Water District of Southern California (MWD) went through to implement fluoridation in their water system. In addition, SJWC and the Health Trust gave short presentations on the subject and a number of speakers spoke during the workshops both for and against fluoridation.

#### Regulation

As a water wholesaler with less than 10,000 service connections, the District is not required to fluoridate. However, if the District chooses to fluoridate, the intent of the fluoridation regulation is that funding for capital and operations & maintenance (O&M) costs involved should be supplied by an outside source (i.e., federal block grants and/or donations from private foundations) as identified by the California Department of Public Health (CDPH). In recent history (i.e., MWD and City of San Diego), outside sources paid for the capital costs and in the case of the City of San Diego paid the first two years of O&M costs. Ongoing O&M costs for both agencies were then funded through water rates.

**SUBJECT:** Proposed CEO Interpretation Strategy for Board Policy E-2.3 Regarding Fluoridation

11/15/11

On October 12, 2011, the California Office of Environment Health Hazard Assessment's (OEHHA), Carcinogen Identification Committee (CIC) determined that fluoride should not be listed under Proposition 65 as a chemical known to cause cancer. Fluoride was added to the list for review, in part, because of its "important widespread use." OEHHA committees routinely evaluate chemicals as required by the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) and publish a list of chemicals "known to the State" to cause cancer.

### **Policy to Consider**

If the Board wishes to adopt a policy to fluoridate, a new CEO Interpretation Strategy could be created for Policy No. E-2.3.

The staff proposed language is:

E-2.3.1.2: "Provide fluoridated drinking water at the District's three water treatment plants and the Campbell Well Field, provided that external funding is obtained for the capital, and operation and maintenance costs of the fluoridation systems."

### **FINANCIAL IMPACT:**

If the fluoridation policy is approved, the District's conceptual level capital cost for providing fluoridation at the District's three treatment plants and at the Campbell Well Field is estimated to range from \$4.4M to \$9.5M plus O&M costs of \$836K per year. Staff would coordinate with CDPH, the Health Trust and others to secure outside funding for capital and/or ongoing O&M costs. It is anticipated that there may need to be significant District labor hours expended in pursuing outside funding.

The District's options for funding the capital and O&M costs of fluoridation may include:

- Receiving full or partial external funding from grants and/or donations
- Charge an additional treated water fee
- Increasing the water rates
- Seeking a special tax

#### External Funding from Grants and/or Donations

As a water wholesaler with less than 10,000 service connections, the District is not required by law to fluoridate. However, the intent of the State fluoridation regulation is that funding for capital and O&M costs should be supplied by an outside source (*i.e.*, federal block grants and/or donations from private foundations). In recent California examples (*i.e.*, MWD and the City of San Diego), outside sources contributed to the capital and in the case of the City of San Diego paid the first two years of O&M costs. Ongoing O&M for both agencies were then funded through their water rates. The Health Trust has indicated to the District and SJWC that they intend to seek external funding for the capital costs associated with installing fluoridation facilities.

#### Treated Water Fee

One funding option would be to create a separate contract with the District's 'Treated' Water retailers to charge a cost-of-service fee for fluoridation. This would be assessed on treated water deliveries only. The estimated fee on average over the long term would be:

**SUBJECT:** Proposed CEO Interpretation Strategy for Board Policy E-2.3 Regarding Fluoridation

11/15/11

- \$15/AF - \$20/AF for covering \$4.4M - \$9.5M capital and \$836K annual O&M costs based on no external funding
- (OR)
- \$10/AF for covering only the \$836K annual O&M costs with external funding for capital only.

#### Water Rates

The impact to the Treated Water rates on average over the long term is estimated to be an increase to the North County M&I charge of:

- \$8/AF - \$11/AF to cover the \$4.4M - \$9.5M capital plus \$836K annual O&M costs with no external funding
- (OR)
- \$5/AF for covering only the \$836K annual O&M costs with external funding for capital only.

Because fluoride would only be added to the District's treated water (*i.e.*, not groundwater), South County would not be burdened with any of the costs.

#### External Funding from a Special Tax

Another external funding option is to initiate a ballot measure and have county voters approve a special property tax for fluoridation. This would be similar to what the District has done previously for flood protection (*i.e.*, Clean Safe Creeks). A two-thirds majority vote would be required to approve the measure.

#### **CEQA:**

The recommended action does not constitute a project under CEQA because it does not have the potential for resulting in direct or reasonably foreseeable indirect physical changes in the environment.

#### **ATTACHMENTS:**

None