

Administrative Rule Analysis



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SUPPLYING WATER TO THE PUBLIC

Rule Set No.: 2017-008 EQ
Submitted to JCAR on: 05/09/2018

Department: Environmental Quality
Agency: Drinking Water and Municipal Assistance Division
Enabling Statute: Safe Drinking Water Act, 1976 PA 399, MCL 325.1001 et seq.

Analysis Complete to: 05/25/2018

BACKGROUND AND SUMMARY OF PROPOSED RULES

The proposed rules would amend Michigan's drinking water quality standards. The action level for lead contamination in drinking water would be lowered and copper monitoring results would be added to consumer notice requirements. The rules would include new public notification requirements for water suppliers whose samples exceed the lead action level and additional public education. A new statewide drinking water advisory council would be established to advise and assist the DEQ in educating the public about lead exposure in drinking water and local water councils would be established for the same purpose. Water suppliers whose collected samples exceed the lead action level after corrosion control or source water treatment are applied would be required to replace lead service lines at their own expense. Suppliers would also be required to conduct and submit a distribution system materials inventory detailing system infrastructure to the DEQ.

FISCAL IMPACT OF PROPOSED RULES

These proposed rules are likely to increase costs for the DEQ as well as local units of government that own or operate public water supplies. The department is likely to incur additional water quality monitoring costs as a result of the proposed rules and projects the necessity of a new lead and copper unit with 10.0 new FTEs and a \$1.5 million budget. However, neither the FY 2017-18 nor the proposed FY 2018-19 DEQ budgets include such funding.

The DEQ estimates that local governments will collectively incur a cost of \$30.0 million in the course of conducting and submitting their respective distribution system materials inventories. The department also estimates that local governments will pay \$499 million to replace lead service lines over the course of 20 years. Departmental estimates regarding annual water supply sampling costs vary from \$480 to \$1,900 depending on the number of samples required and the size of the supply. The methodology for establishing the aforementioned cost estimates has been called into question by associations of local governments, including a coalition which estimates the total lead service line replacement cost at five times the DEQ projection. It is clear that these proposed rule changes are likely to create hundreds of millions of dollars in new costs for local governments. No source of funding has been identified at present to cover these costs, thus making it more likely that these new costs will be passed on to water customers unless additional funding is provided.

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