

Preserving Access to our Most Basic PPE: Safe and Affordable Water

A 2021 Report on Water Affordability Challenges and Recommended Solutions



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Executive Summary

Access to safe and affordable drinking water and sanitation is a human right and a public health essential. But California's already unequal water access is at risk of further failing right when we need it the most to slow down the spread of COVID-19 — and to make sure all Californians can participate in an equitable recovery.

Up to nearly 5 million Californians living in our most vulnerable communities could experience mass water shutoffs in the near future when California's water shutoff moratorium expires and \$1 billion in water debt comes due.

Meanwhile, lost revenue has pushed over 100 small water systems to the brink of collapse, jeopardizing the only water source for the disproportionately Black, Indigenous and communities of color (BIPOC) they serve.

As decision-makers at every level of government grapple with the ongoing impacts of the COVID-19 pandemic while looking towards a future recovery, we write with this simple yet urgent message:

- **Water is the most basic form of PPE.**
- **The COVID-19 pandemic will have long-lasting negative impacts on access to safe and affordable drinking water in California.**
- **There can be no equitable COVID-19 recovery amidst mass water shutoffs and failing water systems in California's most vulnerable communities.**
- **This is a statewide crisis. It's not an urban or rural issue. It's a California issue.**
- **This is a matter of racial justice, given the disproportionate impacts of the COVID-19 pandemic.**

This short report will lay out a series of challenges at the intersection of the COVID-19 pandemic and our most basic and fundamental needs — access to safe and affordable drinking water. Fundamentally we believe:

1. Access to safe and affordable drinking water and sanitation is a basic human right.
2. No Californian should have their water shut off due to inability to pay.
3. Basic existing water shutoff protections should urgently be strengthened and also extended to all Californians.
4. Emergency local, state and federal funding should be provided for immediate water and sewer debt relief.

This report will also lay out a series of specific actions that can help avert a looming crisis of mass water shutoffs and failing water systems, which will disproportionately hurt the very same communities and households that are already bearing the brunt of the COVID-19 pandemic. These actions are:

1. **Provide direct water and sewer debt relief to low-income families.**
2. **Extend existing statutory (SB 998, Dodd) water shutoff and bill payment protections to include all Californians served by public water systems.**

3. **Strengthen existing statutory (SB 998, Dodd) water bill payment protections by:**
 - a. **Protecting against water shutoffs until a customer has been delinquent for at least 120 days and the amount of the delinquency, excluding late charges and interest, is at least four hundred dollars (\$400).**
 - b. **Requiring water systems to waive disconnection and reconnection fees as well as late fees and penalties for low-income families.**
 - c. **Requiring water systems to offer extended payment plans and arrearage management plans of at least 1 year in duration to low-income Californians.**
 - d. **Authorizing the State Water Board to collect ongoing enhanced data from water systems related to water shutoffs and household water debt.**
 - e. **Providing emergency support to water systems via a bridge loan/grant program for small water systems struggling with revenue losses caused by the COVID-19 pandemic.**
4. **Take action in 2021 on key elements of California's legislatively mandated *Low-Income Water Rate Assistance Act Statewide Plan (AB 401, Dodd)* by establishing low-income rate assistance and crisis assistance programs for water.**

We specifically urge the Legislature to pass SB 222 (Dodd) and SB 223 (Dodd) in 2021 to advance these water affordability solutions. It will take leadership from the California Legislature, the Newsom Administration, and local leaders to avert the threat of mass water shutoffs and failing water systems caused by the COVID-19 pandemic. We urge immediate action before it is too late.



500,000 Californians
lost their drinking water in 2019
because of water shutoffs



130 small
water
systems
may **FAIL** in the
next 6 months



Brown & Black communities
are disproportionately
impacted by water debt



\$500
average amount
of water debt per
household as
of Nov. 2020

155,000
households
owe more than
\$1,000



\$1 billion dollars
household water debt in California

1.6 million
households in CA –
5 million
Californians



are behind on
their water bills

Current Water Affordability Challenges

Water Shutoffs and Water/Sewer Debt

An estimated 500,000 Californians are estimated to have had their water shut off in 2019 due to inability to pay. This data, which is based on self-reported information from water agencies collected by the State Water Resources Control Board, indicates water shutoffs particularly affect low-income households and BIPOC communities. This is a conservative estimate that may not accurately reflect the even higher number of Californians affected. Data collected is self-reported by water agencies and not all water agencies comply. Another study by [Pacific Institute](#) found that 196,800 single-family households had their water shut off in 2018, impacting an estimated 583,000 Californians. It is important to note that for the many California households that receive a combined water and sewer bill, failure to pay the sewer portion of the bill can and often does result in a water shutoff.

In April 2020 California Governor Gavin Newsom issued an Executive Order banning water shutoffs statewide for the duration of the COVID-19 pandemic state of emergency. This was the right thing to do — no one should lose access to water because of inability to pay, especially in the midst of a global pandemic. Given the severe economic impacts of the pandemic, the shutoff moratorium must stay in place for a period past the end of the health emergency.

The shutoff moratorium is a temporary measure and the threat of water shutoffs has not gone away in the long term — and water and sewer debt is accruing with each passing month for families that are behind on their water bills. A rising tide of household water debt for low-income families now threatens a tidal wave of mass water shutoffs once California's water shut off moratorium is lifted.

According to the January 2021 State Water Board's statewide water debt survey, Californians are shouldering \$1 billion in water debt affecting 1.6 million Californian households, with an average debt amount of \$500 dollars per person. 155,000 households were found to already carry over \$1,000 in debt. The survey also found that low-income communities of color had disproportionately high levels of water debt.



Sultana is a small, predominantly Spanish-speaking community of roughly 1,000 people located in Tulare County in the Southern San Joaquin Valley. Many of Sultana's residents are farmworkers. Sultana is provided water via the Sultana Community Services District (CSD), which has around 245 direct connections. Sultana CSD has been a model small water agency — helping provide safe water to the previously struggling neighbor community of Monson via consolidation, and regularly advocating for small water system needs at the state level. Yet Sultana has not been spared from the devastating effects of the COVID-19 pandemic.

"Our revenues have been down over 20% since the pandemic started and non-payments are rising," says Michael Prado Sr., the longtime President of Sultana CSD and a local water equity leader. Mr. Prado Sr. notes that other small water systems may be in even more dire condition — and will be at risk of defaulting on their electric bill or other key payments once utility shutoff moratoriums end. Mr. Prado Sr. has a simple but urgent message for decision-makers: **"please help our small water systems and our communities before it is too late"**.



Without a clear plan of action from the state that includes water and sewer debt relief for struggling households, water and sewer debt ranging from hundreds to thousands of dollars will leave low-income families — which make up a disproportionate share of essential workers — at dangerous risk of having their water shut off.

Inadequate water shutoff and bill payment protections

For years, communities have fought for equitable policies involving water shutoffs and reconnections, guided by the principle that access to safe and affordable water adequate for drinking and sanitation is a basic human right (Water Code § 106.3) and that, as a result, no one should have their water shutoff due to inability to pay. In 2018, the Legislature passed SB 998 (Dodd) which for the first time established basic statewide protections against water shutoffs. These included requiring all water systems to have a water shutoff policy, setting caps on the cost of reconnection fees and late fees, and requiring a basic level of annual reporting from water systems on the amount of shutoffs that occur each year.

While SB 998 was a positive first step, more work remains to provide basic, necessary protections for all Californians. For example, SB 998 protections do not include the smallest water systems with 200 connections or fewer. Californians served by these small systems are among the most vulnerable and are no less deserving of protections. Extension of shutoff protections to customers of these small water systems will require additional financial and technical assistance support, and as discussed below, more support is also required for California's smallest water systems. Additionally, there is currently no statewide requirement that all Californians be offered access to extended repayment plans of adequate length (such as for one year), and late/reconnection fees burden low-income families that are already struggling or unable to pay their water bill.

Impacts to small water systems

Small water systems were in crisis even before the COVID pandemic. Around 300 public water systems were serving unsafe water as of Jan 1, 2020, the vast majority of them were systems of less than 3,300 connections. This is a direct legacy of racial injustice and disinvestment in communities.



Deborah Bell Holt lives in **South Central Los Angeles**, a large, diverse, urban neighborhood that is home to working-class Black, Latinx, and immigrant communities. She is one of many South Central community members struggling with utility burden: “My monthly utility bill is \$2,000. I checked everything for leaks. I buy bottled water instead of using tap water because it’s so expensive. I started the year with a family of 5 but now have a family of 12 under one roof because my children and their families are out of work and need a place to live. I am the only one with an income and I don’t have the means to pay all these bills.” As a grassroots leader at SCOPE, Deborah has helped advocate for comprehensive utility debt forgiveness and long-term investment in affordability at the Los Angeles Department of Water and Power. **“People are out here having to choose between paying food, rent, utilities, and healthcare but still facing the daily stress of bill reminders, rising debt, and potential shutoffs. The underlying need is for the utility companies to protect our most vulnerable communities.”**



The COVID pandemic has only compounded the crisis for small water systems. According to the January 2021 State Water Board water debt survey report, around 130 water systems stated they would require outside financial intervention within 6 months to maintain operations.

Because of small ratepayer bases, it could be devastating for a small water system if 10-30% of customers cannot pay their bills, and could even interfere with the small water system's ability to keep the lights on and the water flowing.

Lack of a statewide Low Income Ratepayer Assistance Program for water bills

An increasing number of Californians struggle to pay their monthly water bill. According to the State Water Board, “the average Californian household paid around 45% more per month for drinking water service in 2015 than in 2007.”¹ Californians served by water systems that provide unsafe water are also forced to pay for water twice — once for a water bill for water they can't safely drink, and then twice for bottled water or point-of-use devices.

Yet despite the growing unaffordability of water and its disproportionate impacts to low-income communities of color, water is one of the very few if only major utilities that lacks a universal affordability program (unlike electricity, gas, telecommunications, and even cell phones). And only around 50% of Californians have access to a local water affordability program, and many existing programs suffer from weak enrollment and varying benefits. That plan was released in early 2020 but has yet to be implemented.²

The State Water Board's January 2021 water debt survey results showing that Californians are carrying \$1 billion in water debt have only heightened the urgency to address this issue. This level of need is greater than the entirety of the one-time December 2020 national federal allocation of \$638 million for water affordability assistance. California is likely to only receive around \$70 million of that funding.

We now need the Legislature and Governor to implement the recommendations of their AB 401 report through legislation implementing a low-income rate assistance program for water.



1 https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/ab401_report.pdf

2 *ibid*

Water Affordability Solutions

Below are actions that the Legislature must take in 2021 to address California's water affordability crisis and prevent the potential for mass water shutoffs and failing small water systems:



1. Provide direct water and sewer debt relief to low-income families.

California's Governor, Legislature and Congressional Delegation, should work collaboratively to secure new federal and state relief funding for water and sewer debt relief. Local jurisdictions should take action similar to that of the Los Angeles Department of Water and Power (LADWP), which allocated \$50 million in CARES funding for water debt relief.³

2. Extend existing statutory (SB 998, Dodd) water shutoff and bill payment protections to include all Californians served by public water systems.

Current protections do not apply to any small water systems with 200 service connections or fewer. Yet these smallest water systems serve highly vulnerable Californians who need water shutoff protections. Additionally, tenants whose landlord fails to pay their water bill need to be protected. These issues should be addressed in 2021 via legislation.

3. Strengthen existing statutory (SB 998, Dodd) water bill payment protections by:

Requiring water systems to waive reconnection fees and late fees for low-income families. A low-income family that can't repay their water bill, and has already had their water shut off shouldn't also be expected to pay multiple other fees to restore their access to water. Such fees range from water reconnection fees to restore water service to "late" fees, which only compound a struggling family's inability to pay. This issue should be addressed in 2021 via legislation.

Requiring water systems to offer extended payment plans and arrearage management plans of at least 1 year in duration to low-income Californians. Current law does not set any standards for water systems on the minimum length of extended payment plans, creating unequal access to this critical affordability tool or situations where an "extended" payment plan may only provide a few months of relief. This issue should be addressed in 2021 via legislation.

Requiring the State Water Board to collect ongoing key data from water systems related to water shutoffs and household water debt. This should include data on how many Californians are behind on their water bills, how much they are behind, how many are participating in a water affordability program, and how many have had their water shut off.

Providing emergency support via a bridge-loan/grant program for small water systems struggling with revenue losses caused by the COVID-19 pandemic. The Legislature should allocate funding to the State Water Board for the creation of an emergency Bridge-Loan/Grant Program to address these catastrophic revenue losses before an even greater crisis occurs. The Legislature should also require the State Water Board to offer a portion of the loan that would be provided as grants or forgivable loans in exchange for low-income household water debt forgiveness.

4. Address the lack of universal access to a low-income water affordability program in California by taking action in 2021 on key elements of California's legislatively-mandated *Low-Income Water Rate Assistance Act Statewide Plan (AB 401, Dodd)*.

The Legislature should create a statutory framework that authorizes the Board to establish the structure of a statewide water rate assistance program and that creates a flexible fund that can receive any future state/federal water affordability funding. The statutory framework should at a minimum create a Low-Income Water Rate Assistance Fund, a water affordability crisis assistance program at the State Water Board, and include oversight of state and local water affordability plans.

3 LADWP CARES Utility Grant Assistance Program Website (November 2020)

To advance each of these critical water solutions, we urge the legislature to pass **SB 222 (Dodd)** and **SB 223 (Dodd)**, which are intentionally constructed to avert the looming crisis of mass water shutoffs and failing water systems. The legislation directly advances these important water affordability solutions.

SB 222 — Low Income Water Rate Assistance: This bill would establish a new and much needed statewide Water Affordability Assistance Fund and direct the State Water Board to stand up a new statewide water affordability assistance program. Funding could come from future state and federal sources.

SB 223 — Water Shut-off Protections: This bill would extend and strengthen existing water shutoff and bill repayment protections. SB 223 would extend existing protections to cover very small water systems (200 or fewer connections) that are currently left out. The bill would protect against shutoffs for those with less than \$400 dollars in water debt (excluding late charges and interest) and who are less than 120 days behind on payments. The bill would require universal access to extended repayment plans of at least 12 months in duration and also require access to arrearage management plans. SB 223 would also require the State Water Board to provide technical assistance to very small water systems and establish a bridge loan program to assist small water systems suffering major revenue loss. Lastly, the bill would require water systems to waive late fees and reconnection fees for low-income Californians.

Lastly, we urge California leadership to ask Congress to build on their modest one-time national allocation of \$638 million in water affordability funding. In light of water being our most basic form of PPE and California's \$1 billion in water debt, ongoing funding for water affordability will be essential to secure an equitable pandemic recovery.

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