

MARCH 2017



CALIFORNIA URBAN WATER AGENCIES



Safe, Reliable, Accessible, and Affordable Drinking Water for All Californians

CUWA is committed to providing access to safe, clean, and affordable water for all of its customers. Unfortunately, some California residents outside of CUWA's service areas do not have access to safe, clean water because of diminished or contaminated local supplies. CUWA is committed to supporting the development of targeted solutions to address a range of water quality, utility capacity, and financial challenges for rural disadvantaged community (DAC) issues without compounding affordability issues in urban low-income households.

WHO IS CUWA?

Established in 1990, California Urban Water Agencies (CUWA) is a nonprofit corporation of 11 major urban water agencies that collectively deliver drinking water to approximately two-thirds of California's population. The water delivered by the 11 CUWA member agencies is a lifeline that supports California's urban populations and the bulk of the state's \$2.5 trillion economy (2015 and 2016 GDP).



Read on to learn about how CUWA is working to address water accessibility and affordability issues for underserved California communities.

An Intolerable Situation

CUWA and other state leaders agree: it is unacceptable that 530,000* or more people in rural areas of California are unable to turn on their tap and access clean, safe water because of impaired, community public water systems. CUWA endeavors to make a positive contribution by assessing the problem, informing the dialogue, and exploring potential solutions to California's growing challenge of water accessibility and affordability in these areas and throughout the state.

Defining the Problem

CUWA, the State Water Resources Control Board (SWRCB), and the environmental justice community agree on a common goal of refining the number of affected systems that will need assistance. CUWA believes that the focus should be on systems with persistent water quality violations. The problem is concentrated in rural areas—Monterey, Tulare, Kern, Fresno, and San Joaquin counties have the most maximum contaminant level (MCL) violations.

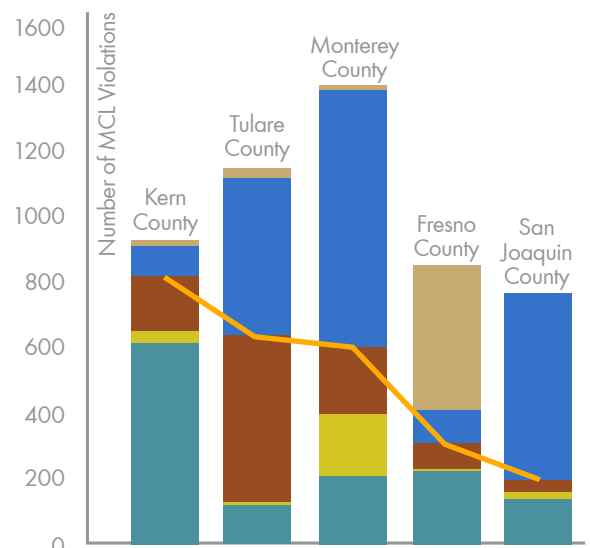
OPERATIONAL ISSUES

- Coliform
- TTHM and HAA5

TREATMENT ISSUES

- Arsenic
- Chromium VI
- Nitrate
- Arsenic, Chromium VI, Nitrate

* Represents CUWA's analysis of population served by small public water systems (15 to 3,300 connections or serving 25 to 10,000 people) and small, non-community public water systems that are schools or day care centers with MCL violations from January 2011 to March 2016, as accessed from SWRCB's Division of Drinking Water on October 11, 2016. This number does not include State Small Water Systems (less than 15 connections), individual domestic wells, or singular violations.



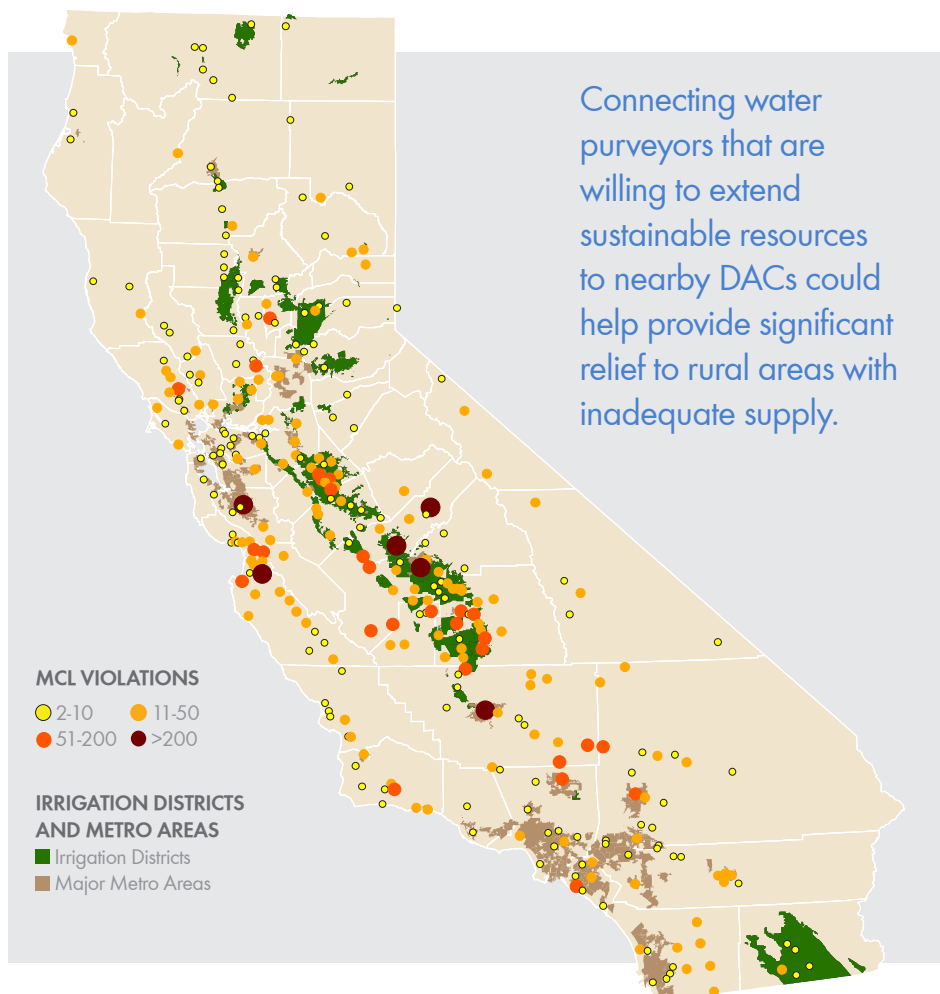
Solutions are within reach.

CUWA is focused on finding ways to effectively improve water supplies for rural DACs, and is working with the State to further define the problem so viable solutions can be implemented.

Several critical efforts to address water accessibility and affordability issues are under way, including the California Water Action Plan, SWRCB Resolution on the Human Right to Water, Senate Bill 88 (authorizing consolidation of water systems), Senate Bill 1263 (prohibiting the permitting of new unsustainable public water systems), Assembly Bill 401 (a low-income water rate assistance program), and numerous other legislative and regulatory efforts. CUWA offers ideas and approaches to further advance these efforts, as described below.

Prevent Growth of the Problem

While Senate Bill 1263 (effective January 2017) may help “stop the bleeding” by giving SWRCB broad powers to deny permits for new systems that are deemed unsustainable, this would only apply to systems meeting certain population or service connection criteria. Consider requiring city and county planning and permitting agencies to prohibit commercial and residential development in areas without access to sufficient water infrastructure or water supplies of adequate quality, regardless of size. The long-term sustainability of existing communities is another important consideration.



Explore Water Agency Consolidation

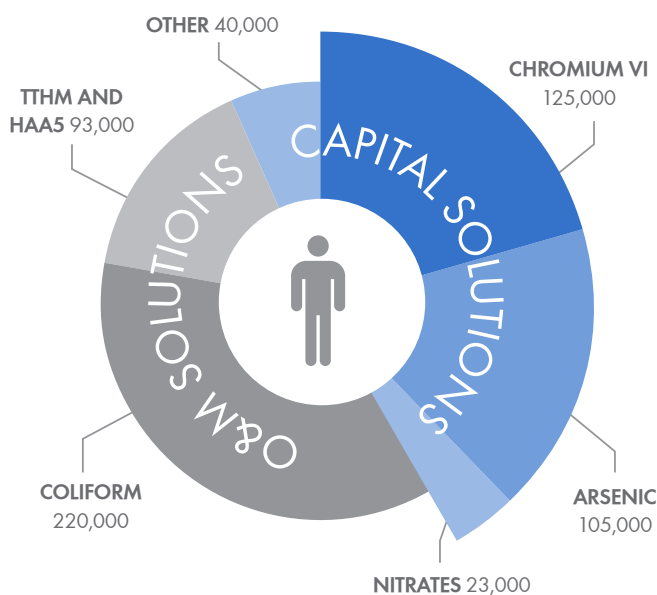
SWRCB and the Division of Drinking Water (DDW) see consolidation as a potentially significant part of the solution, but recognize that challenges must still be overcome. SWRCB intends to extend liability protection to water agencies that are choosing to voluntarily consolidate, and reimburse costs incurred by those agencies through grants or low-interest State Revolving Fund loans. Consideration should be given before requiring consolidation in situations that undermine a water supplier's ability to serve existing customers and compromise the long-term sustainability of existing communities, which were designed to serve the current customer base.

Provide Fit-For-Purpose Water

A community's water supply may require costly improvements to address contaminants such as arsenic or chromium VI to ensure its safety for drinking water purposes. However, the supply may be suitable for agricultural purposes with minimal treatment. Conversely, surface water supplies that are available nearby for irrigation or agriculture may be easier to treat for human consumption. Consider and, if appropriate, facilitate exchanges to best match water quality with use.

Focus Solutions to Address Constituents of Concern

The solution needed to address a system deficiency or a source water problem can vary significantly depending on the contaminant. **Approximately 60 percent of the water quality issues in rural DACs are due to chromium VI, arsenic, and nitrates, which may require intensive capital solutions.** The remaining violations, due to coliforms and disinfection byproducts (DBPs), could be addressed through preventative measures like operations and maintenance (O&M) changes or improved disinfection strategies.



Population Affected by Contaminant Violations

Focusing on solutions that are related to these key contaminants can help accelerate progress.

Provide Technical Assistance

DACs could be assisted in areas such as project and financial management, O&M, and engineering services. SWRCB's Office of Sustainable Water Solutions is currently leading efforts to operate a technical assistance program, funded by Prop 1.

Establish an Emergency Response Network for Drought Conditions

Consider a system similar to the California Water/Wastewater Agency Response Network (CalWARN) that would enable larger agencies to help small public water systems address O&M challenges when necessary, and obtain reimbursement for their efforts.

Invest in Water Innovation Research

California has an opportunity to invest in the research and deployment of new technologies and low-cost solutions that can clean contaminated water more affordably and/or allow for decentralized treatment of water.

Accelerate Progress Through Targeted Solutions

CUWA believes that the best way to achieve timely progress is to initially concentrate on systems with persistent water quality issues. Identifying systems with persistent violations for the same contaminant over multiple years can help bring focus to systems most in need of assistance. CUWA's analysis showed that 60 to 170 systems had persistent issues for arsenic, nitrate, and chromium VI from January 2013 through March 2016. These violation types would require more capital-intensive solutions.

Systems with Persistent Water Quality Violations

60
systems

had at least three MCL violations of a single contaminant in at least 3 of the last 4 years

90
systems

had at least two MCL violations of a single contaminant in at least 3 of the last 4 years

170
systems

had at least one MCL violation of a single contaminant in at least 3 of the last 4 years

How Do We Fund Solutions?

CUWA believes that potential funding sources for water accessibility and affordability issues should have a nexus to the source of the problem, where possible.



Options for Funding

CUWA has promoted the concept of “beneficiary pays” as the best approach for funding essential water-related investments. A variety of funding options that have a nexus to the challenges, particularly for DACs, have been proposed by others (e.g., a fertilizer tax). Each potential option warrants further consideration of its opportunities and challenges for each to find a workable combination and balance of approaches to meet funding needs.

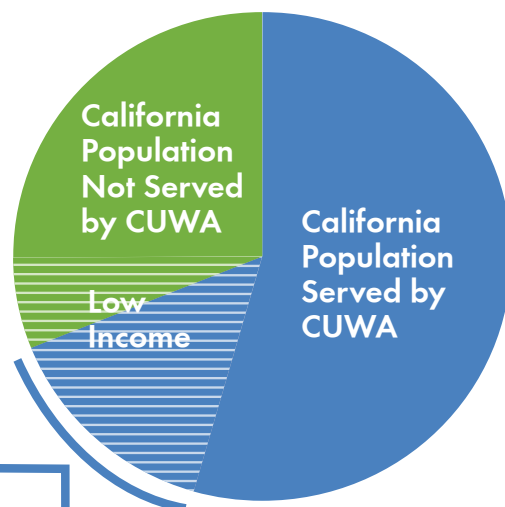
Other more creative options could also be considered. In the past, CUWA has suggested a Public Benefits Corporation as one idea. This approach could build infrastructure and develop a framework to resolve rural community water challenges, including determining how long-term operations could be funded and supported locally. Another option is to expand use of food stamps to pay for a portion of the water bill. Regardless of the funding mechanism, it is critical that the pros and cons of each solution are further explored and the methodology of implementing any funding source is carefully considered to ensure that rural DACs and urban affordability are jointly addressed.

Restoring Accessibility Without Reducing Affordability

Of the 27 million people in CUWA’s service areas, more than 5.5 million are impacted by water affordability and cost-of-living issues (CUWA Survey 2017). CUWA, which serves the majority of California’s low-income households, is exploring long-term solutions, including a range of low-income rate assistance programs. Others have proposed a public goods charge (PGC) as a way to raise funds to address unmet state-wide water issues. A PGC could divert funds that would otherwise provide for local water needs and create new inefficiencies. CUWA supports use of a general fund solution as a more appropriate way to provide long-term funding, because the issue of access to safe and reliable water for all Californians is a larger social welfare issue.

These Issues Are Not Insurmountable

CUWA believes that solutions for rural DACs are within reach. CUWA is working with SWRCB, DDW, the Governor’s Office, the Department of Water Resources, and the environmental justice community to evaluate challenges, explore possible solutions, and achieve accelerated progress toward ensuring access to safe, affordable drinking water for all Californians.



More than 5.5 million people served by CUWA struggle with affordability

CUWA member agencies serve a majority of California’s low-income households.