

# Helping Low Income Customers Pay the Water Bill: Lessons Learned from “Paying for Water in California”

---

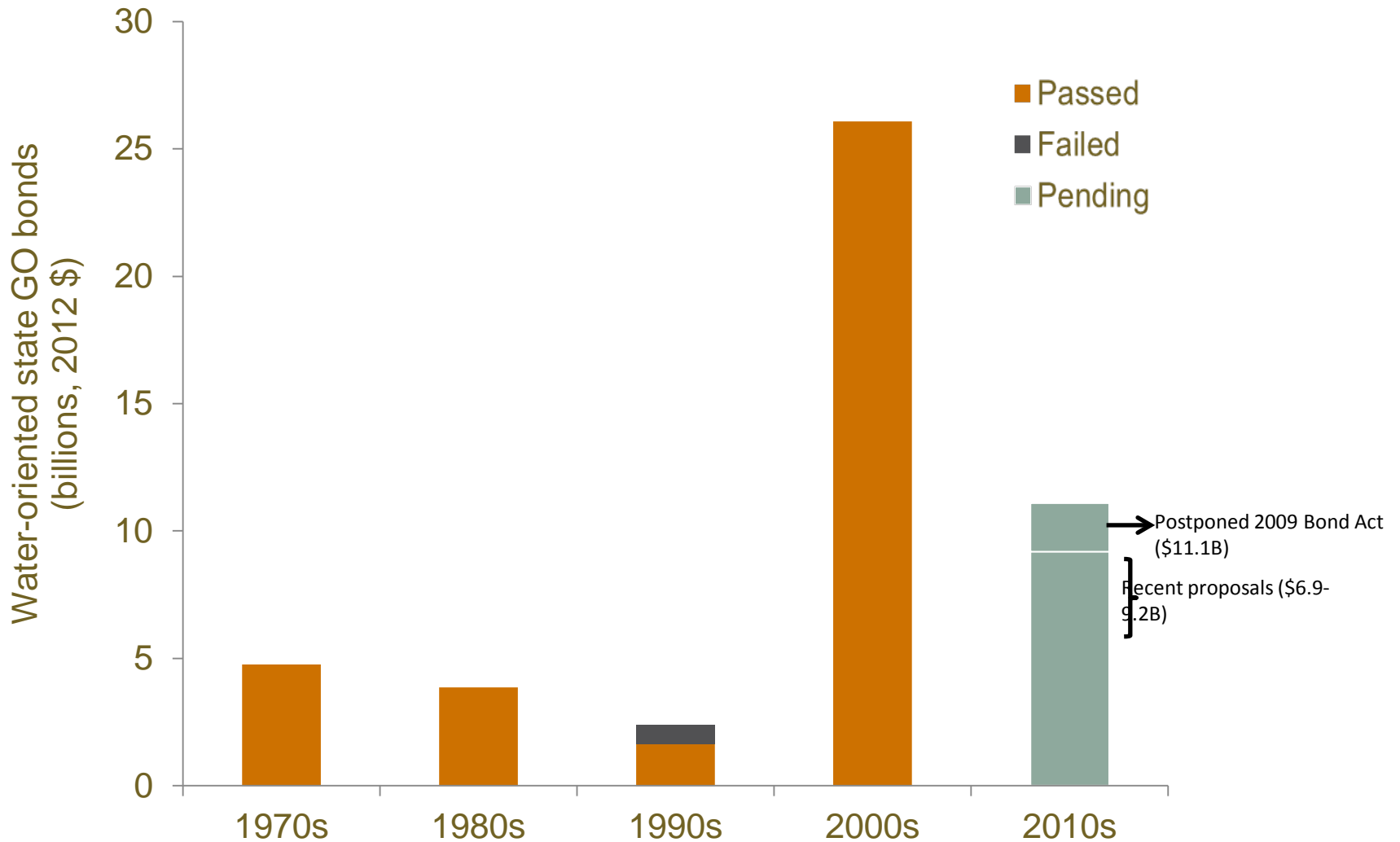
California Water Association

Katrina Jessoe  
UC Davis

# Outline of the PPIC Report

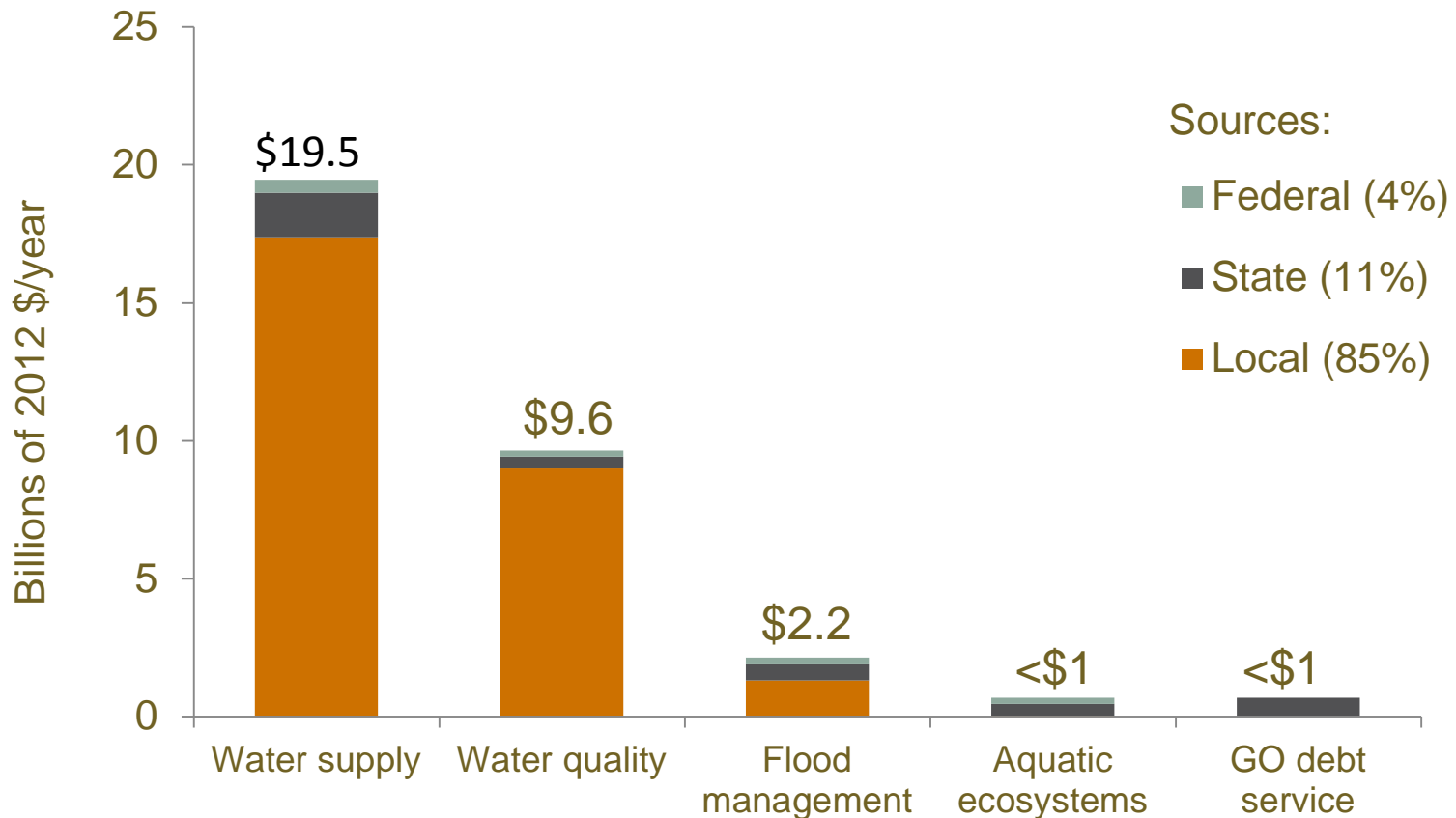
- Where's the money coming from?
- The fiscal (and legal) report card
- Increasing legal constraints on water funding
- Filling the gaps
- A road map to funding reform

# State GO water bonds have grown significantly since the early 2000s



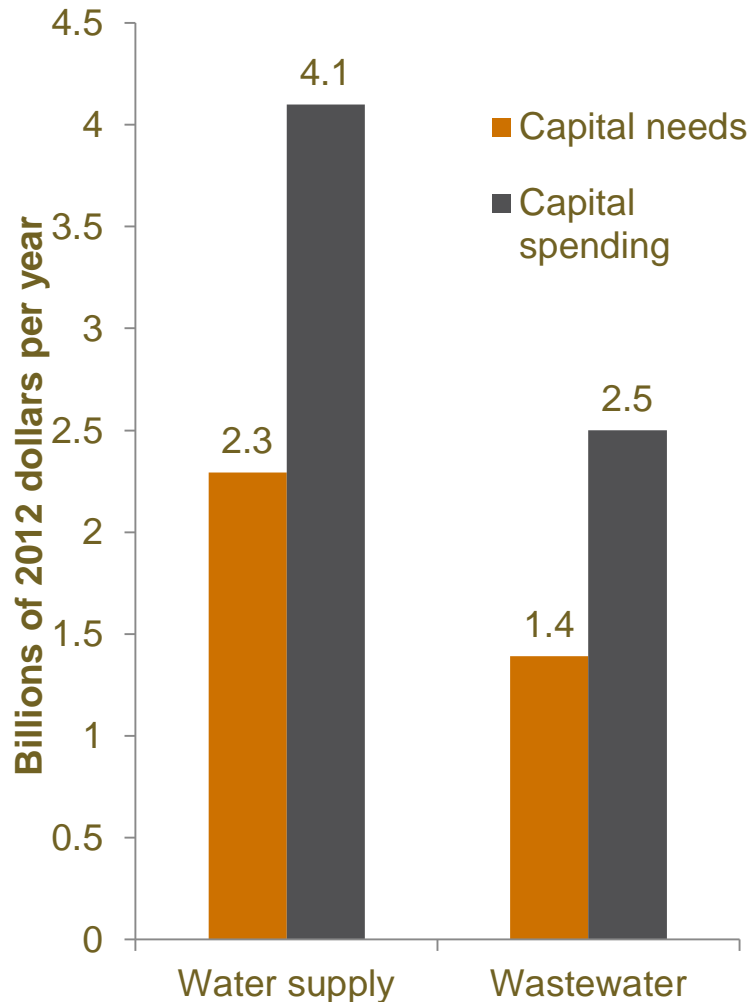
# But the vast majority of the \$30+ billion spent annually is raised by local agencies

Annual water system spending (2008-2011)



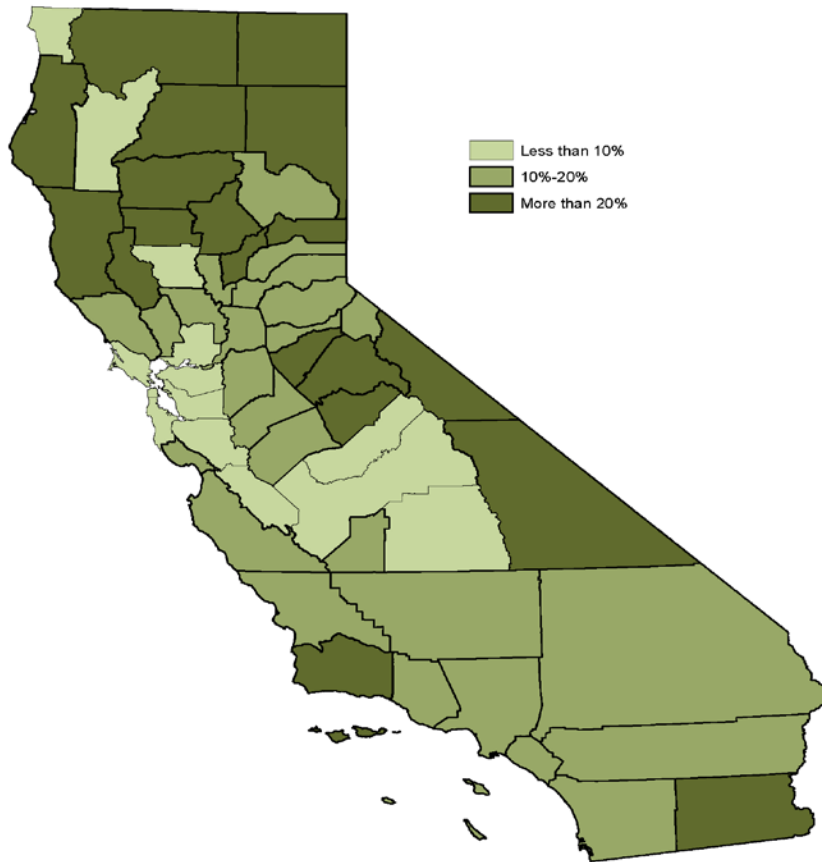
State GO bonds contribute less than \$1 B per year to the water system

# Urban water and wastewater utilities are in relatively good fiscal health



- Generally able to raise rates to meet service obligations and investment needs
- These investments have created a more drought-resilient system
- But looming concerns:
  - Rising costs (treatment standards, aging infrastructure, Delta)
  - Legal barriers and court challenges to conservation rate structures and portfolio-based management

# Legal challenges and low income customers



- Prop 218 might make tiered rates difficult
- 2 % of household income as guideline
- County level estimates suggest share is 13%
- Most served by larger water systems
- Prefer other approaches to address equity

6 The figure depicts the share of single-family households whose water bills likely exceed 2 percent of household income.

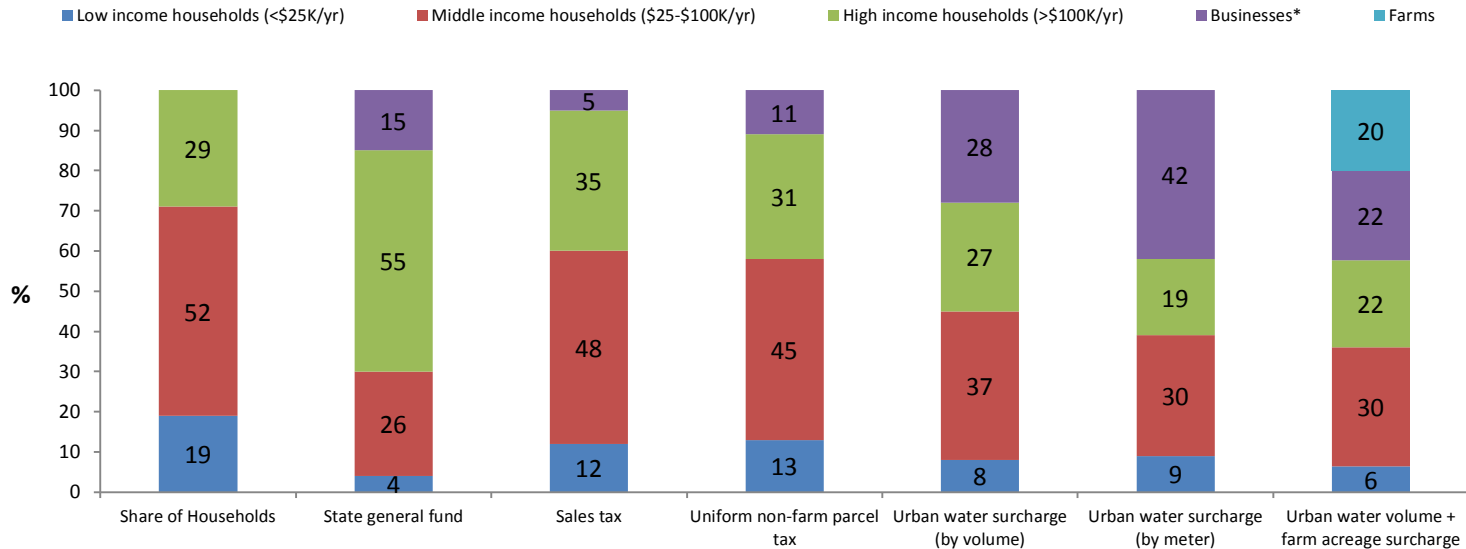
# We are facing critical funding gaps in other key areas

	Overall grade	Annual gap (\$ millions)
Water supply	Passing (mostly)	—
Wastewater	Passing (mostly)	—
Safe drinking water (small rural systems)	Failing	\$30–\$160
Flood protection	Failing	\$800–\$1,000
Stormwater management	Failing	\$500–\$800
Aquatic ecosystem management	Failing	\$400–\$700
Integrated management	On the brink	\$200–\$300

Total Annual Need: \$2-3 Billion

# Type of funding source affects incidence

- Need to raise \$150-230 per household annually to address all funding gaps
- A broad funding mix is desirable to match sources with objectives





# Small, disadvantaged rural communities face special funding challenges



- About 0.2% - 0.4% of the state's population use contaminated wells
- Affordability is the key obstacle: low incomes plus high per-unit costs
- Better access to existing funding programs
- Funding sources: chemical surcharge, water use surcharge or state general fund