

COVID-19 Impacts on Small Community Water Systems

HILMAR COUNTY WATER DISTRICT CASE STUDY:

Small Water Systems Need Assistance Applying for Vital Grant and Loan Funding

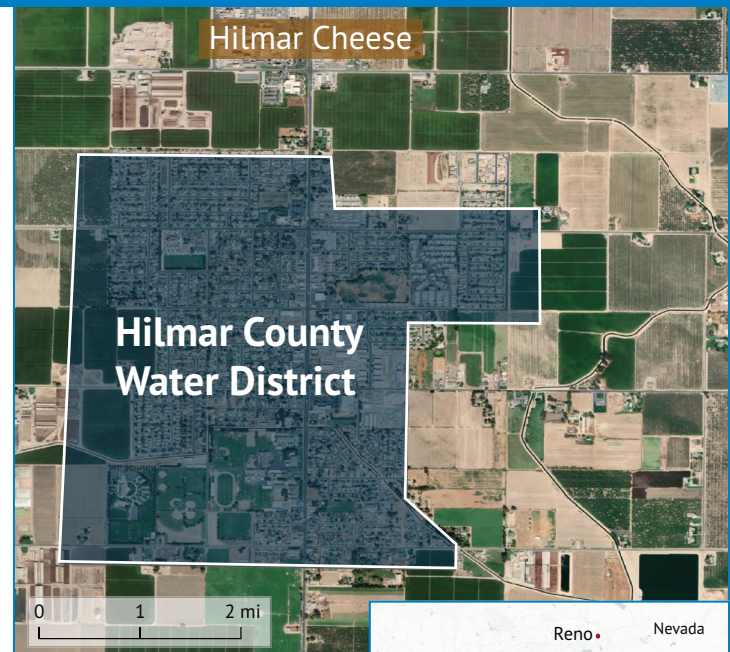
Hilmar County Water District (HCWD) is a small water system in Merced County, California that provides wastewater, stormwater, and water service to most of the town of Hilmar. The town is 65% White, 30% Latino, 3% Black, and 2% Native American. With a population of 6,000 and a median income slightly above \$62,000, Hilmar's largest employer is the Hilmar Cheese Company, the largest cheese manufacturer in the world. Established in 1965, HCWD has five full-time staff members (three operators, one district manager, one office manager) and one part-time account clerk. Together, the staff serve 1,700 service connections, or about 4,000 people.

HCWD has primarily focused on treatment solutions to address emerging contaminants in the source water and secure a drought-resilient source of water. It relies entirely on groundwater, pumping over 350 million gallons of water per year. HCWD currently has three wells, two of which were built in the 1980s and are approaching the end of their design life. The third well was completed in 2017, but its long-term viability is uncertain given agricultural pumping that draws down the local water table. Emerging industrial contaminants like 1,2,3-Trichloropropane¹ also threaten HCWD's water supply.

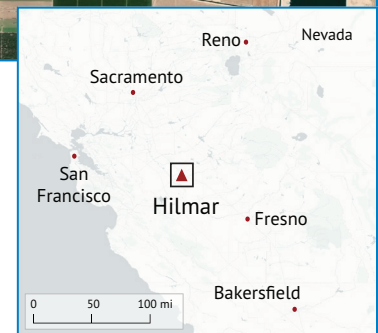
Local, State, and Federal Support Have Been Nearly Non-Existent

Local, state, and federal support have been nearly non-existent. HCWD's operating budget is around \$1.5 million per year for stormwater, wastewater, and drinking water, most of which is for operations and maintenance expenses. In the past three years, no county, state, or federal funding has been used for operations and maintenance. HCWD relies nearly entirely on local customers for revenue, yet many of its customers are low income. While HCWD qualifies for many state and federal loan programs, most grant applications are too time consuming and expensive for it to complete.

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Source: County of Merced and Economic and Planning Systems, 2007



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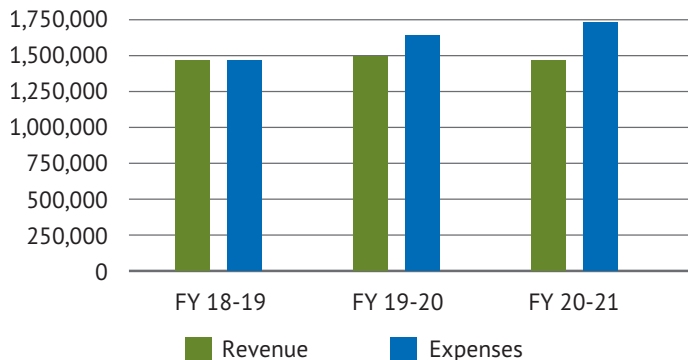
¹ "1,2,3-Trichloropropane (TCP) is an exclusively man-made chlorinated hydrocarbon commonly used as an industrial solvent. Because TCP-containing fumigants were extensively used in California, contamination of drinking water wells became widespread." Clean Water Action, 2016, "TCP in California's Drinking Water," *Clean Water Action* (blog), March 16. <https://www.cleanwateraction.org/features/tcp-californias-drinking-water>

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While the whole town of Hilmar is not classified as a disadvantaged community, HCWD's service area is. The median household income within HCWD's service area is about \$44,000.² HCWD maintains low rates for drinking water and receives approximately \$350 per year per service connection. In California, the median income a small water system receives is about \$900 per year per household.³

Customers Who Had Utility Debt Prior to the COVID-19 Pandemic Are Now Further in Debt

Hilmar County Water District's Operating Budget Over Time



Source: www.hilmarcwd.org/budgets

Notes: Expected revenue for Fiscal Year 2020-2021 is slightly decreased, yet expenditures are expected to rise relative to previous years. Fiscal Year 2020-2021 is proposed, not actual, revenue and expenses.

Customers who had utility debt prior to the COVID-19 pandemic are now further in debt. Perhaps due to the relatively low service rates, a small proportion of HCWD customers are in arrears. Customers who typically held three months of debt are now six months or more behind. However, no additional HCWD customers have accumulated unpaid water bills. Revenue for 2020 is expected to drop slightly as a result, while expenses are rising. Luckily, HCWD has reserves that can cover operations during this fiscal year. HCWD did not apply for nor receive CARES funding. Even though the water system also qualifies for grants and low-interest loans through the California Drinking Water Revolving Fund, **applications are time-consuming and funding is not guaranteed, imposing a high cost to the utility if grants are not acquired.**

Federal and State Funding Will Be Necessary for HCWD's Long-Term Resilience

HCWD's reserves will allow the utility to weather the pandemic with enough money to maintain operations. However, **federal and state funding will be necessary for HCWD's long-term resilience.** Treatment for emerging contaminants, securing a drought resilient water supply, and ongoing maintenance will be expensive. There are plans to hire a fourth operator so that HCWD will have the capacity to do preventative maintenance as well as distribute day-to-day operations across more operators. Any additional staff expansions, like adding capacity for a grant writer, will be fiscally challenging. HCWD's customers, many of whom are low-income, cannot shoulder additional costs with the pandemic and an associated stay-at-home order re-imposed in California December 2020 through January 2021.

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This case study was based on an interview with Curtis Jorritsma, District Manager for Hilmar County Water District, conducted in November 2020.

2 Rural Community Assistance Corporation. 2018. "Hilmar County Water District Median Household Income Survey." A census block group where the MHI is less than \$56,982 meets the disadvantaged community threshold and \$42,737 meets the severely disadvantaged community threshold. See California Department of Water Resources, "DAC Mapping Tool," GIS, 2020, <https://gis.water.ca.gov/app/dacs/>.

3 Environmental Finance Center, 2020, "California Small Water Systems Rates Dashboard," University of North Carolina.