

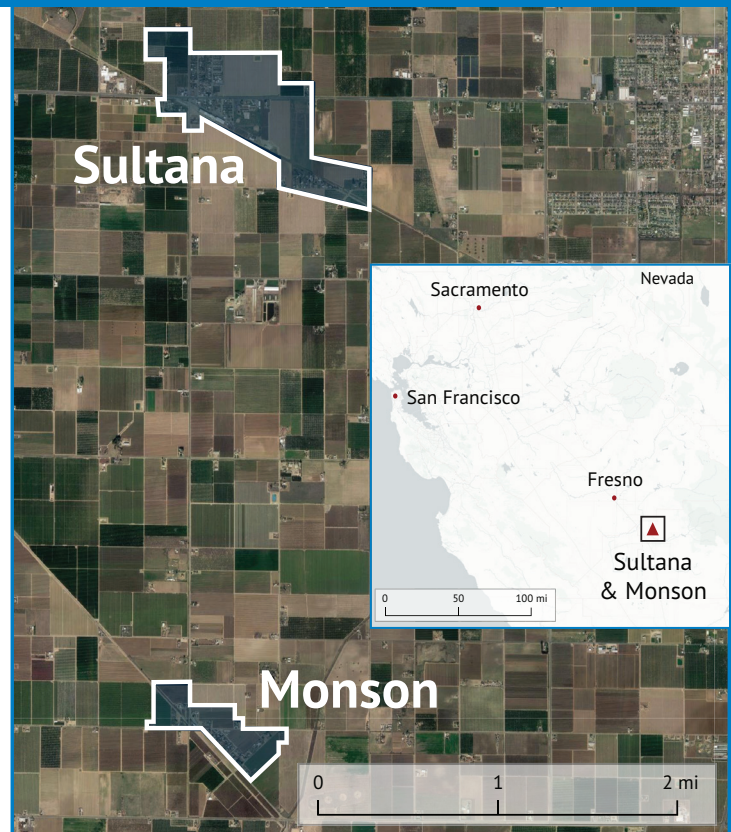
COVID-19 Impacts on Small Community Water Systems

SULTANA COMMUNITY SERVICES DISTRICT CASE STUDY:

Financial Reserves Buffer Unanticipated Shocks Amid Rising Expenses and Decreasing Revenue but Assistance Will Be Needed Soon

The Sultana Community Services District (SCSD) provides drinking water for Sultana, a community of about 1,000 people in Tulare County, California. With just over 250 service connections, SCSD has no full-time staff, only part-time operators and a part-time accountant and office manager. Prior to the pandemic, SCSD was focused on constructing a stormwater system in Sultana and ensuring the community would be resilient to future droughts.

SCSD currently has one operating well, along with a back-up well that cannot operate due to contamination.¹ In 2017, SCSD voluntarily consolidated with Monson, a nearby community of approximately 160 people that had been reliant on household wells. Many households using domestic wells in Monson experienced water shortages as their wells ran dry during the 2012-2016 drought. Monson and SCSD leveraged state financial support to build a new well for Monson (completed in 2018) and an additional well for Sultana (estimated completion 2023). **The state, however, is about a year behind on grant payments, forcing SCSD to pause planning and construction of their new well and leaving the community dependent on only one well.**



Source: Tulare County General Plan

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Financial Reserves Buffer Declines in Revenue

Responses to a May 2020 survey suggested that 31% of small water systems nationally could not sustain losses for more than six months of current financial conditions.² **Without previous investment in financial reserves, Sultana would be struggling to cover their expenses.** SCSD charges a tiered rate for drinking water, starting at \$45.85 a month, about 2% of Sultana's monthly median household income.³ While many small water systems do not have a

¹ Sultana's well is contaminated with 1,2-Dibromo-3-chloropropane (DCBP), a legacy contaminant that comes from industrial operations that ended in the 1990s.

² According to a national survey by the Rural Community Assistance Partnership. <https://www.rcap.org/news/covid19impact/>

³ The median water bill within 50 miles of SCSD is \$29/month, with the statewide median at \$45/month. <https://efc.sog.unc.edu/resource/california-small-water-systems-rates-dashboard>.

reserve, Sultana raised rates to begin saving for their 'rainy day' fund in 2017. **The SCSD Board President highlighted that purchasing PPE supplies for utility staff has imposed a large and unanticipated financial burden, as well as requiring considerable time to find and acquire these supplies. State and federal support, either financially or by providing PPE supplies directly, would be useful for small systems.**

Residents Face Numerous Challenges, Exacerbated by the Pandemic

The Sultana community is 95% Latino, with a median household income of \$25,000 (40% of California's median household income). Many people who live in Sultana are campesinos, or agricultural workers. **Residents face numerous challenges, exacerbated by the pandemic.** There are currently no neighborhood parks or medical clinics in Sultana. Internet service is unreliable and cost prohibitive.⁴ In addition, farmworkers and their families are at higher risk for contracting COVID-19, with limited access to federal financial support or COVID-related sick pay from employers.⁵ A UC Berkeley study showed that many farmworkers have low food security and half of those surveyed said they had difficulty paying bills since the start of the pandemic.⁶

As the pandemic continues, an increasing number of SCSD customers struggle to pay their water bill each month.

As the pandemic continues, an increasing number of SCSD customers struggle to pay their water bill each month. Prior to the pandemic, four to five customers of SCSD, out of nearly 800, were more than three months late in paying their water bill. Now, three times that many customers have not paid their water bill in three months; two customers are over \$300 in debt from overdue bills. Monthly revenue has dropped to \$9,000, or 65% of normal operating revenue, in the months since the COVID pandemic began. The shutoff moratorium in California has ensured residents continue to have water even if they are unable to pay.⁷ There currently is no end date for the state moratorium; the federal moratorium was recently extended.

Helping customers pay their water bills can help utilities maintain operations in the near- and long-term. Solutions for customers are solutions for utilities as well.

Immediate assistance for ratepayers late on their water bills is needed. "They need it now," says Michael Prado, Sr., SCSD Board President. "If we don't get relief soon, it's going to be bad, they (SCSD customers) are going to get loans to pay (their) water bill." **Helping customers pay their water bills can help utilities maintain operations in the near- and long-term. Solutions for customers are solutions for utilities as well.**

This case study was based on an interview with Michael Prado, Sr., Board President for Sultana Water District, on 11/24/2020.

⁴ Sultana Community Development Plan, Tulare County, 2017.

⁵ A study of farmworkers in Monterey County, CA found that they are three times likelier to contract the virus than workers in other industries. www.thecalifornian.com/story/news/2020/07/28/survey-california-farmworkers-face-three-times-higher-risk-covid-19/5527000002/.

⁶ "Prevalence and Predictors of SARS-COV-2 Infection Among Farmworkers in Monterey County, CA," https://cerch.berkeley.edu/sites/default/files/ucb_csvs_white_paper_12_01_20_final_compressed.pdf

⁷ <https://www.gov.ca.gov/2020/04/02/governor-newsom-issues-executive-order-protecting-homes-small-businesses-from-water-shutoffs/>