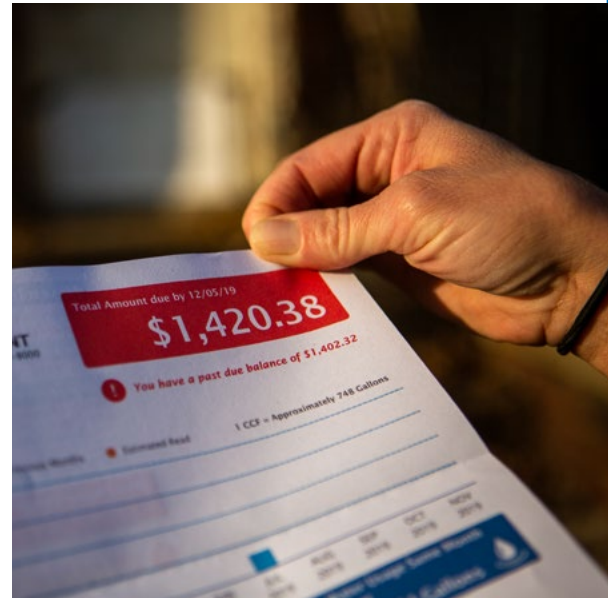


COVID-19 Impacts on Small Community Water Systems

SNAPSHOTS OF COMMUNITY MEMBERS FROM ACROSS THE COUNTRY:

Water System Customers Need Assistance With Utility Bills

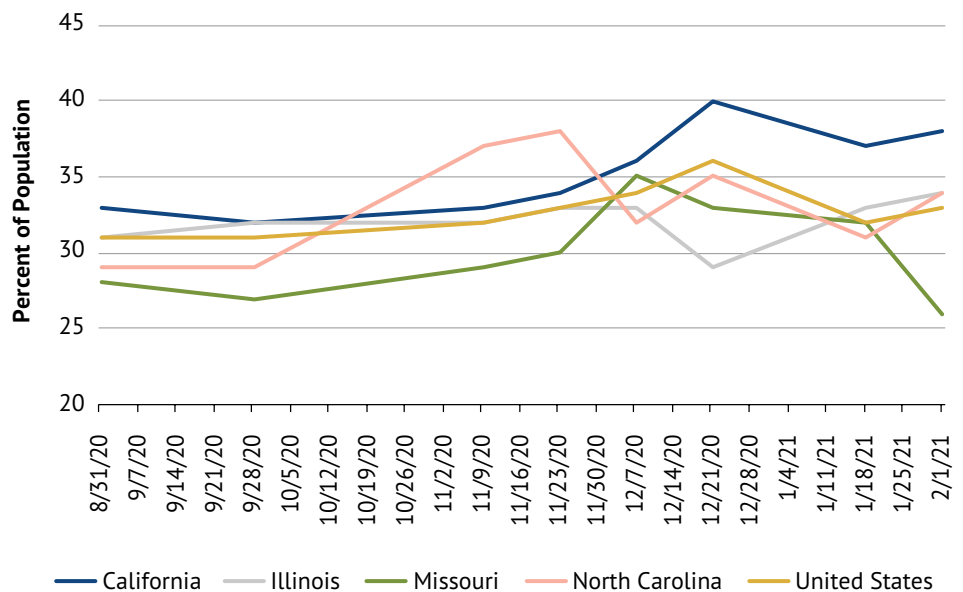
This overview summarizes media coverage of water utility customers struggling with household water debt to illustrate the personal impacts of the pandemic and highlight some of the long-term challenges customers face nationwide. The economic fallout caused by the COVID-19 pandemic has exacerbated a national water debt crisis that has been brewing for the past decade. From 2010 to 2018, water bills rose 27%–154% across 12 large utilities. Bills are projected to become more unaffordable as increases in wages grow at slower rates, signaling a nationwide affordability crisis.¹ Increased unemployment during the pandemic, paired with already high water costs, catalyzed surges in the number of people who cannot afford water. While state and federal governments have provided some relief, in February 2021 the US Census Bureau estimated that one in three households that used unemployment insurance struggled to pay for typical household expenses such as food, mortgage and car payments, medical expenses, and utilities. Nationally, about 35% of adults live in households where it has been difficult to pay for usual household expenses during the pandemic.²



Source: J. Carl Ganter / circleofblue.org
Rebecca Fritz opens her past-due bill from the City of Detroit Water and Sewerage Department.

Percent of Adult Population Where It Has Been Somewhat or Very Difficult to Pay for Typical Household Expenses, August 2020 to February 2021.

Source: US Census Bureau Household Pulse Survey



1 Nina Lakhani, "Revealed: Millions of Americans Can't Afford Water as Bills Rise 80% in a Decade," *The Guardian*, June 23, 2020, sec. US news, <https://www.theguardian.com/us-news/2020/jun/23/millions-of-americans-cant-afford-water-bills-rise>.
2 US Census Bureau, "Despite Unemployment Insurance, Many Households Struggle to Meet Basic Needs," The United States Census Bureau, accessed March 12, 2021, <https://www.census.gov/library/stories/2021/03/despite-unemployment-insurance-many-households-struggle-to-meet-basic-needs.html>.

Small community water systems (SCWS) and their customers have been burdened by the economic fallout as well. Total national water household debt for SCWS customers may have been on the order of \$800 million as of November 2020, based on extrapolations from a California survey. The estimated amount of customer debt held by SCWS is alarming and strongly suggests customers need assistance, but their voices are not amplified in national news coverage. Unfortunately, media coverage of the challenges small water systems and their customers face during the pandemic has been very limited. Coverage of customers in larger cities and utilities is more available, and thus, is reflected in the summaries below.

Only four states (California, North Carolina, Illinois, and Washington) have surveyed their water utilities to estimate the financial and economic impacts of the pandemic. California and North Carolina are the only states that provided public information about household water debt during the pandemic.

California

In California, total household water debt was \$500 million to \$700 million as of November 2020. On average, one in eight Californians hold some amount of water debt. An estimated 155,000 households, primarily in Southern California, have \$1,000 or more of water-related debt. Although there is currently a state shutoff moratorium, residents in debt are scared, because the day the moratorium ends could be the day their water is shutoff for nonpayment. Deborah Bell-Holt, a customer with the Los Angeles Department of Water and Power, told Jackie Botts of CalMatters that she is nearly \$15,000 behind on her water and energy bill. She supports 12 people in her house, many of whom have lost jobs during the pandemic. “They say you’re safe,” she told CalMatters. “But you see that bill. How is that supposed to make you feel? You’re scared to death.”³

“We’re seeing more cases of (unpaid utilities) being used as a grounds to evict tenants,” said Ash Kuhnert, an organizer for Tenants United, to Voices of San Diego. “If tenants can’t pay, they can call that a lease violation, which isn’t covered by the (COVID-19 eviction) moratorium.”

The challenges L.A. Department of Water & Power customers face are widespread in Southern California. San Diego has among the highest water bills in the nation; customers there are accruing larger quantities of debt.⁴ Voice of San Diego reporter MacKenzie Elmer spoke with Shara Sin, a mother of four in City Heights, San Diego. Sin is unable to work. Her apartment’s rent is primarily covered by the federal Housing Choice Voucher program, or Section 8. Since April 2020, however, she has been charged \$1,500 for water and sewer, with little explanation. “We’re seeing more cases of (unpaid utilities) being used as a grounds to evict tenants,” said Ash Kuhnert, an organizer for Tenants United, to Voices of San Diego. “If tenants

can’t pay, they can call that a lease violation, which isn’t covered by the (COVID-19 eviction) moratorium.” Sin uses paper plates and purchases bottled water with food stamps to avoid using any water. She tries to pay for water with money reserved for her daughter’s schoolbooks.⁵

3 Jackie Botts, “Unpaid Water Bills Top \$1 Billion in California,” CalMatters, January 26, 2021, <https://calmatters.org/california-divide/2021/01/water-debt-california-households-face-water-shutoffs/>.

4 Raftelis and CA-NV AWWA, “2015 California-Nevada Water and Wastewater Rate Survey,” accessed February 15, 2021, <https://www.documentcloud.org/documents/3731528-CANVRateSurvey2015.html>.

5 MacKenzie Elmer, “San Diegans Are Drowning in Water Debt During COVID-19,” *Voice of San Diego*, January 27, 2021, <https://www.voiceofsandiego.org/topics/economy/san-diegans-are-drowning-in-water-debt-during-covid-19/>.

North Carolina

In mid-2020, the estimated statewide water utility debt was between \$62 million and \$82 million. Combined, customers were about \$260 million in debt for water and energy in July.⁶ It is likely that utility debt is even higher now. Duke Energy, the largest energy provider in North Carolina, said 475,000 customers were at least 30 days behind on their energy bills in December 2020.

“I’ve had members come in tears because they are trying to decide if they should pay their water bill, their light bill or their rent. I always advise them to pay the rent because at least they’re going to have shelter.”

In an interview with CBS News, Randi Berardi, a Duke Energy customer who lost her job in October 2020, said “I don’t sleep, honestly. I barely eat. It’s taking its toll on me tremendously.”⁷ In Charlotte, 10% of the city’s water customers, or 34,000 accounts, are currently on a payment plan. More than 12,000 customers meet the criteria that would typically result in water shutoffs. In Durham, Felipe Zurita told The News and Observer that he needed the help of the Conception Catholic Church to pay his utility and rent bills. Rosa Green, a representative for the

Community Empowerment Fund said to The News and Observer, “I’ve had members come in tears because they are trying to decide if they should pay their water bill, their light bill or their rent. I always advise them to pay the rent because at least they’re going to have shelter.”⁸ The governor provided financial assistance for six months of past due utility payments between April and December 2020 through the HOPE program, which stopped accepting applications in November 2020.

While statewide data are not available in other states, various news sources and technical assistance providers indicate that household water debt is affecting communities across the country.

Illinois

The Illinois chapter of the American Water Works Association conducted a survey of operational and financial impacts to systems but included no quantitative financial or customer debt data. Fortunately, Circle of Blue has conducted extensive research in Chicago. The City of Chicago Water Department has also seen a rise in unpaid water bills, particularly among the city’s lowest income neighborhoods. In an interview with Circle of Blue, Chicago organizer Rosazlia Grillier said, “Even more than the bill itself were some of the fees that were attached to it that made a situation that was already challenging enough, almost impossible to navigate.”⁹ In late 2019, Chicago launched the Utility Billing Relief program to provide low-income families debt relief, reduced water bills,

The program, however, has struggled with enrollment. As of January 12, 2021, the City had enrolled slightly more than 8,539 customers, well below the 20,000 families the city estimated were eligible in 2019.

6 Charlotte A Mitchell et al., “State of North Carolina Utilities Commission,” 2020.

7 Nate Morabito, “It’s Taking Its Toll on Me’ | Hundreds of Thousands behind on Utility Bills across North Carolina,” WCNC-TV, accessed February 15, 2021, <https://www.wcnc.com/article/money/its-taking-its-toll-on-me-hundreds-of-thousands-behind-on-utility-bills/275-af7d8a48-7228-48a8-86af-17f8c4d61723>.

8 Adam Wagner and Charlie Innis, “Are Your Utility Bills Past Due Because of COVID-19? Prepare to Pay as NC Order Expires,” *Raleigh News & Observer*, accessed February 15, 2021, <https://www.newsobserver.com/news/local/article244139627.html>.

9 Brett Walton, “Utilities Ordered To Forgive Customer Water Debt,” *Circle of Blue*, August 12, 2020, sec. WEF, <https://www.circleofblue.org/2020/wef/utilities-ordered-to-forgive-customer-water-debt/>.

and protections from late payments and debt collection. The program, however, has struggled with enrollment. As of January 12, 2021, the City had enrolled slightly more than 8,539 customers, well below the 20,000 families the city estimated were eligible in 2019. The participants owe a collective \$8.9 million, about \$1,000 per family, which the city can forgive.¹⁰

Michigan

Water rates have long been unaffordable for many people in Michigan. As manufacturing in the Midwest declined, so did its population, leaving fewer people with less income paying for the same water infrastructure, resulting in higher rates disproportionately affecting low-income communities of color. Detroit's population declined 61% between 1950 and 2010,¹¹ while water bills have doubled since 2007.¹² During the city's 2014 bankruptcy restructuring, Detroit gained the attention of United Nations human rights experts who denounced the city's decision to rapidly remove water service for nearly 45,000 customers in an effort to recover costs. In an interview with Circle of Blue, Detroit resident Rebecca Fritz said her water had been shut off three times in 2018 and 2019. She told Circle of Blue that she couldn't afford her water bill, and so she stopped paying it. In 2019, she owed about \$1,600 and when the utility tried to turn her water off, she sat on the valve. "I don't mess around," she said. "Water is life."¹³

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Source: J. Carl Ganter / circleofblue.org

Rebecca Fritz's water was turned off once in 2018 and twice in 2019. Fritz has four children at home under the age of 13.

The economic fallout of the pandemic has exacerbated the water debt crisis, although some help has arrived. Michigan distributed CARES Act funding to utility customer debt forgiveness programs and instituted a water shutoff moratorium during the pandemic, but it expired at the end of March 2021. Detroit banned water shutoffs through 2022 and is planning to spend \$22 million in bill credits for water supplied to about 50,000 households.¹⁴

In the long term, more assistance is needed. "We need affordable water rates based on residents' ability to pay their water bills...Federal water assistance is welcome, but it is not an affordability program and doesn't address the underlying problem of unaffordable water

10 Leslie Bonilla, "Chicago's \$9 Million Delinquent Water Bill Relief Program Looks for More Takers," *Chicagotribune.com*, sec. Breaking News, News, accessed February 15, 2021, <https://www.chicagotribune.com/news/breaking/ct-chicago-water-bills-relief-program-20210114-btkletlk65hqdjpxur6wonnprge-story.html>.

11 Coty Montag, "Water / Color" (Thurgood Marshall Institute at the NAACP LDF, 2019), https://www.naacpldf.org/wp-content/uploads/Water_Report_FULL_5_31_19_FINAL_OPT.pdf.

12 "A Water Crisis Is Growing In A Place You'd Least Expect It," NPR.org, accessed March 17, 2021, <https://www.npr.org/2019/02/08/691409795/a-water-crisis-is-growing-in-a-place-you-d-least-expect-it>.

13 Brett Walton, "Millions of Americans Are In Water Debt," *Circle of Blue* (blog), August 4, 2020, <https://www.circleofblue.org/2020/world/millions-of-americans-are-in-water-debt/>.

14 Sarah Rahal and Christine Ferretti, "Detroit Extends Water Shutoff Moratorium through 2022," *The Detroit News*, accessed March 17, 2021, <https://www.detroitnews.com/story/news/local/detroit-city/2020/12/08/duggan-detroit-mayor-water-shutoffs/6489513002/>.

rates,” says People’s Water Board Coalition organizer Sylvia Orduno.¹⁵ Rebecca Fritz echoed this sentiment. “I would like to be on an affordable plan. I’m willing to pay \$100 a month or whatever but I’m on welfare, and there’s no way that I can afford to keep going on a vicious circle.”

Missouri

Nearly all utilities in Missouri are suspending shutoffs for nonpayment and/or providing extended payment plans.¹⁶ Missouri American Water, the largest investor-owned utility in Missouri, provided extended payment plans through the end of January 2021. Customers in Missouri are still struggling to pay their bills, though. In Kansas City, Karla, a single mother of three, lost her job in May 2020. She is more than \$2,000 behind on utility bills and told the Kansas City Star Editorial Board in August 2020, “I was already struggling before. Those eight weeks waiting on unemployment devastated me. I had no money.”¹⁷

In the City of Independence, the average reported utility (water and energy) delinquency is \$1,277, yet the average income is slightly more than \$2,000 per month. The Community Services League of Independence assisted with applications for assistance in October 2020. They published the applicants’ stories, and one applicant wrote, “My husband had a heart attack right before the shutdown and was off work for 4 months due to the risk of covid 19. My hours were cut. Rent, electric, gas, and food became more difficult. It caused my depression and anxiety to elevate and I had to take time off work. We began living off of credit cards.”¹⁸ In early December 2020, the city’s water billing system experienced a ransomware attack, crashing the system. As the system came online at the end of December, customers were billed for two months instead of one, challenging low-income customers to come up with a larger sum of money. Some financial help is on the way, fortunately. On February 11, 2021 Governor Parson signed HB 16 into law, which provides more than \$324 million in funding for rental and utility assistance for Missourians.

Water is a necessary utility, especially during the pandemic. There are financial, physical, and emotional costs when customers cannot afford their water. Yet, the nationwide scope of bill debt for all customers is unknown. The federal government supplied \$1.14 billion nationally for low-income customers struggling with overdue water bills but it is not enough to support customers of both large and small systems in need. Customer-focused aid should increase funding assistance for low-income water and wastewater customers, recognizing that customer aid also supports utility function.

This summary is based on news coverage from outlets across the country, collected in February 2021.

15 “People’s Water Board Coalition Applauds Detroit Mayor’s Decision to Ban Water Shutoffs and Restore Residential Water,” *People’s Water Board Coalition* (blog), December 8, 2020, <https://www.peopleswaterboard.org/2020/12/08/peoples-water-board-coalition-applauds-detroit-mayors-decision-to-ban-water-shutoffs-and-restore-residential-water/>.

16 Cameron Gerber, “What Missouri Utility Companies Offer Coronavirus, Winter Relief Programs?,” *The Missouri Times* (blog), December 18, 2020, <https://the-missouritimes.com/what-missouri-utility-companies-offer-coronavirus-winter-relief-programs/>.

17 The Kansas City Star Editorial Board, “With Utility Shutoffs Looming, Many Missourians Are in Danger of Being Left in the Dark,” *The Kansas City Star*, accessed February 15, 2021, <https://www.kansascity.com/opinion/editorials/article245005270.html>.

18 Doug Cowan, “Bottom Line: Families Are Still Struggling,” *Community Services League* (blog), accessed February 15, 2021, <https://www.cslcares.org>.