



# NEWS The United States Conference of Mayors

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## STUDY SHOWS CALIFORNIA CITIES FACE GROWING COSTS FROM FEDERAL WATER REGULATIONS THAT UNFAIRLY BURDEN LOWER – AND NOW MIDDLE – INCOME HOUSEHOLDS

### Mayors Conference Releases Report on Economic Impact of Water Rules

**Washington D.C.** – In a report released today, The U.S. Conference of Mayors found that the current cost per household for public water services in California is unfairly burdening lower income households. Municipalities already coping with tight budgets and their water customers who have not seen real income growth since the 2007 economic recession face looming high bills to comply with new federal water regulations.

The number of households whose water and sewer costs exceeded 4.5% of their income, ranged as high as 39.4% of Paramount households to 35.3% in La Verne to 34.4% in Escondido.

The report, titled "Public Water Cost Per Household: Assessing Financial Impacts of EPA Affordability Criteria in California Cities," will be released as part of the 2014 Water Council Summit of the Mayors' organization in Washington, DC.

Mayors hope the report's findings will convince the U.S. Environmental Protection Agency to use a more accurate affordability measure to justify greater flexibility around regulations, especially in cities with high percentages of poverty, low and moderate income and fixed income households, and local economies that are stagnant or failing.

The Mayors' report looked at 35 California communities, clustered in Los Angeles County, who provided 2014 information on public water (water, sewer, and flood control) average annual cost per household. Los Angeles County was chosen, as it is one of the first areas in the nation to be regulated under a federal TMDL (total maximum daily loadings) Consent Decree for storm water. Early estimates suggest that substantial rate increases will be necessary to comply with long term obligations.

"This report details the economic burdens that a growing percentage of city residents are experiencing in water and wastewater services," said Tom Cochran, CEO and Executive Director of The U.S. Conference of Mayors. "We want and need clean water, but cities need greater flexibility, especially in low-income areas. Local governments face serious challenges to sustain an enormous physical infrastructure necessary to deliver public water services and the persistent growth in federal water mandate costs. A more rational model will be needed to be successful over the next decades."

The report can be found here: <http://www.usmayors.org/pressreleases/uploads/2014/1202-report-watercostsCA.pdf>

Some of the findings of the report are:

### **Substantial Economic Burdens Found on Below Median Households**

When cost per household exceeds 4.5% of actual annual income (not median income) it indicates a substantial economic burden could be imposed on system customers to comply with the mandate. (See Table C of report)

- 30 of 35 communities exhibit substantial excess cost per household above 4.5% of their actual annual income.
- 11 of the 35 communities had estimated 10-year excess cost per household that ranged from \$10 to \$200 million.
- 2 cities, Monterey Park and San Marino, had no indication of economic burdens based on cost per household and actual income level; no data were available for another 3 cities.

### **Widespread Economic Burdens on a Growing Number of Households**

Substantial economic burdens, measured as cost per household that exceeds 4.5% of actual annual household income, was found to be widespread in the survey communities: (See Table C)

- Twenty-four cities report combined water, sewer and flood control costs per household in excess of 4.5% of annual income for 10% to nearly 40% of households.
- Paramount 39% of households, income categories from \$10,000/yr to \$35,000
- La Verne 35% of households, income categories from \$10,000/yr to \$50,000
- Escondido 34% of households, income categories from \$10,000/yr to \$35,000

A combined water and sewer affordability criteria of 4.5% of median household income (MHI), loosely modeled on some voluntary criteria used by EPA under the Clean Water Act and the Safe Drinking Water Act, was used to estimate the disproportionate financial impact that is substantial (in excess of 4.5% of actual household income). The report measures by actual household income rather than MHI as the “EPA’s insistence on using affordability criteria indexed to MHI creates a class-based environmental injustice”(pg. 7 of report).

EPA Affordability Criteria is assessed at the 2.0% of MHI for the Clean Water Act and at the 2.5% of MHI levels for Safe Drinking Water; which, for many of these communities the EPA criteria is not realistic, and a growing number of households have great exposure to mandated spending (See Tables B & C of report).

The mayors call on Congress and EPA to act on this “disproportionate and unfair financial impact on below median income households”. Cities are facing dual responsibilities to reinvest in an aging infrastructure to sustain services, and to comply with long-term obligations under water mandates. USCM and MWC join to ask for more flexibility when EPA enforces compliance mandates to allocate money to reinvestment in current water infrastructure and to lessen the financial burden on the individual.

The U.S. Conference of Mayors is the official nonpartisan organization of cities with populations of 30,000 or more. There are nearly 1400 such cities in the country today, and each city is represented in the Conference by its chief elected official, the mayor. Like us on Facebook at [facebook.com/usmayors](https://facebook.com/usmayors), or follow us on Twitter at [twitter.com/usmayors](https://twitter.com/usmayors).