Pilot CA Small Water Systems Rates Dashboard

October 30, 2020
9:00 am
Remote participation only

CALIFORNIA WATER BOARDS

SAFER PROGRAM
Welcome and Meeting Logistics
Presentation Outline

• State Water Board Introduction
• Background and Demonstration of Dashboard
• Next Steps
Ways to Participate-

1. **Watch ONLY:** Visit [video.calepa.ca.gov](http://video.calepa.ca.gov)

2. **Email:** Submit a comment or ask a question that will be read aloud, send an email to: [safer@waterboards.ca.gov](mailto:safere@waterboards.ca.gov)

3. **Q&A:** Submit a question using the Q&A feature at the bottom of your Zoom Screen. You can UPVOTE any question you would like answered.

4. **Raise Hand:** Attendees will be given the opportunity to provide verbal comment or ask questions, if you’re interested in this option, please raise your virtual hand when the time is right.

- Please wait for your name to be called.
- Public comments are 3 minutes each.
Welcome and Introduction
Kristyn Abhold
Needs Analysis Unit
Division of Drinking
Audience Poll Question 1

Do you think water system financial information should be publicly available in a central location state-wide?

- Yes
- No
Audience Poll Question 2

Have you read the background paper: “Introducing the California Small Water Systems Rates Dashboard”?

- Yes, read the whole thing
- Yes, I skimmed it
- No, but I plan to
- No, I don’t intend to read it

Capacity Development

• **Capacity Development** is a process for water systems to acquire and maintain adequate technical, managerial and financial (TMF) capacity.

• **TMF capacity** enables water systems to have the capability to consistently provide safe drinking water to the public.

• **Financial Capacity** – the ability to acquire and manage sufficient financial resources to plan for, achieve, and maintain compliance with drinking water standards.
The State Water Board’s goal for piloting the small water systems rates dashboard is to:

- Provide a tool to small water systems for financial planning and rate setting.
- Assist State Water Board staff in assessing “Financial Capacity” of small water systems.
- Assess long-term value of financial data collection and analysis.
Introducing the California Small Water Systems Rates Dashboard

October 30, 2020
Webinar
Dedicated to enhancing the ability of
governments and other organizations to provide
environmental programs and services in fair,
effective and financially sustainable ways.

http://efc.sog.unc.edu

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California Water Boards
Data and information are critical for decision-making.
Sharing Information with Elected Officials when Staff Requested a Water Rate Increase

According to a national survey of 1,408 water/wastewater utilities in the U.S. in 2014:

• 94% included information about the utility’s financial condition …
• 74% included information about what nearby utilities are charging …
• 58% included information about what similar sized utilities are charging …

… and the information was judged by staff as “very or somewhat useful”.

Staff of 62% of the utilities compared rates to nearby utilities themselves as part of their internal rates review process prior to presenting a rate case to their governing body.

Elected Officials Cared About the Information

315 elected officials reported that the following were “very important” or “important” factors in their decisions about whether to raise water rates:

- Long-term impact on the utility’s financial condition: 97%
- What nearby utilities are charging: 51%
- What similar sized utilities are charging: 56%
- Long-term affordability for residential customers: 92%

2019 CONSUMER CONFIDENCE REPORT

Results are from the most recent testing performed to ensure compliance with state and federal drinking water regulations. The State allows reporting for some contaminants less than once per year because the concentrations of these contaminants do not change frequently. Some of the data, though representative, are more than one year old.

ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2019

Analysis of Change

<table>
<thead>
<tr>
<th>Description</th>
<th>Last year</th>
<th>This year</th>
<th>% Change</th>
<th>Next year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>1,953,877</td>
<td>2,011,874</td>
<td>3.0%</td>
<td>2,072,871</td>
</tr>
<tr>
<td>Operating Income Less</td>
<td>1,940,313</td>
<td>2,000,874</td>
<td>3.0%</td>
<td>2,060,313</td>
</tr>
<tr>
<td>Non-Operating Fund</td>
<td>87,051</td>
<td>11,000</td>
<td>-94.6%</td>
<td>11,000</td>
</tr>
<tr>
<td>Non-Operating Income</td>
<td>1,940,313</td>
<td>2,000,874</td>
<td>3.0%</td>
<td>2,060,313</td>
</tr>
<tr>
<td>Net Non-Operating Expenses</td>
<td>(241,852)</td>
<td>(241,852)</td>
<td>0.0%</td>
<td>(241,852)</td>
</tr>
<tr>
<td>Net Operating Revenues (Expenses)</td>
<td>(241,852)</td>
<td>(241,852)</td>
<td>0.0%</td>
<td>(241,852)</td>
</tr>
<tr>
<td>Change in net position</td>
<td>(33,433)</td>
<td>(1,632)</td>
<td>-96.3%</td>
<td>(1,632)</td>
</tr>
</tbody>
</table>

NET POSITION, BEGINNING OF YEAR

As Previously Stated: 1,136,541
Residual Equity Transfer In: 79,200
Residual Equity Transfer Out: 178,260
Net Position, Beginning of Year: 1,292,501

NET POSITION, END OF YEAR

As Previously Stated: 1,136,541
Residual Equity Transfer In: 79,200
Residual Equity Transfer Out: 178,260
Net Position, Beginning of Year: 1,292,501

List of different water systems in a region or state

Rates dashboard

SURFACE WATER UTILITY
BUDGET SUMMARY: BY FUND TYPE/FUND

The Surface Water Utility officially began operation on January 1, 1998. The majority of the utility’s resources go toward maintenance and public education activities. The capital projects portion of the budget is the operating budget, which is expected to cover the capital projects in the next few years.
Comparing Rates – Common Way

Potential problems?
- Comparing to utilities that are not similar
- Comparing to only a few utilities
- Comparing only one bill amount
- Comparing nothing besides rates
  - pressure to keep rates low
  - regardless of financial condition of utility
  - ignores customers’ ability to pay
  - ignores price signals, policies, performance
The California Small Water Systems Rates Dashboard

Interactive tool to allow utilities to better benchmark rates, financial, and system performance data, and other key metrics to guide local financial decisions.

To be used by utility staff, governing boards, technical assistance providers, researchers, and more.
Pilot for California

Community water systems with 500 – 3,300 connections

Rates as of July 2020

Published dashboard on August 31

Available to the public at http://efc.sog.unc.edu/CAdashboard
Rate Sheets Collected by EFC Directly from Water Systems

Additional Data Compiled by EFC, UCLA Luskin Center for Innovation, and SWRCB from

Thank you to all participating water systems!
EFC invited community water systems with 500 – 3,300 connections that charge residential water rates to participate. 92% participated.

Websites and direct communication

Rate structures and computed bills for ranges of consumption

Residential monthly water bills calculated for 0 – 1,800 cubic feet and 0 – 15,000 gallons
Metrics Included / Benchmarked

- Monthly water bill at various consumption points
- Water marginal price at high consumption
- Financial performance
  - Operating ratio
  - Simple cost recovery
  - Days cash on hand
  - Revenue per connection
- Regional change in population

- Affordability
  - Bill as % MHI
  - Bill as % of 20th Percentile Income
  - # of hours at minimum wage
  - % Poverty, unemployment

- Performance
  - Number of water quality violations
  - Number of monitoring violations
  - Compliance with HR2W
  - % of metered connections
For More Information

https://www.waterboards.ca.gov/safer/docs/introducing_california_small_water_systems_rates_dashboard.pdf
Live Demonstration of the California Small Water Systems Rates Dashboard
Corrections or Missing Data

Email efc@sog.unc.edu by November 30, 2020 if:

• The data for your water system is inaccurate (for the displayed time period; will not update with more recent data).

• Your 500-3,300 connection community water system is not on the dashboard and you can provide the missing data.
Free One-on-One Assistance

If you would like one-on-one direct assistance by the EFC in understanding the metrics of the dashboard for your water system and a discussion on the key findings for decision-making, email Stephen Lapp at slapp@sog.unc.edu by March 31, 2021.

Or indicate your interest during this webinar.

We will follow up to schedule a time for a virtual meeting at your convenience.
Audience Poll Question 3

What are your initial impressions of the CA Small Water Systems Rates Dashboard?

- I like it!
- I’d like to see some modifications to the Dashboard
- I don’t like the Dashboard
- I need more time before I can provide feedback
Immediate Next Steps

• Incorporate public feedback to finalize California Small Water Systems Rates Dashboard.
  • Pilot Dashboard: https://efc.sog.unc.edu/resource/california-small-water-systems-rates-dashboard
  • Background Paper: https://www.waterboards.ca.gov/safer/docs/introducing_california_small_water_systems_rates_dashboard.pdf
  • Submit feedback by November 30, 2020 to: SAFER@waterboards.ca.gov
  • Email Title: Rates Dashboard

• Is it useful? Should it be continued in the future? Should it be expanded? Suggestions for edits, additions, deletions, or clarifications? Any problems? How would you like this tool to be improved (if at all)?
Vision of the Future

• This is a pilot – assess value of collecting, analyzing and displaying financial information for small water systems.

• The State Water Board will begin collecting additional financial through the Electronic Annual Report (eAR) and other methods to maintain data set.

• Continue to develop new tools and resources for supporting TMF capacity analysis and development.
Updates to the 2020 Electronic Annual Report (eAR)

New “Water Rates” Section: Customer Charges, Income, & Affordability

A. Water Rates & Charges
   A.1 Residential Water Rates & Charges
   A.2 Residential Service Connections
   A.3 Non-Residential Water Rates & Charges

B. Income: Revenue & Expenses (NEW)
   B.1: Total Revenue Generated from Different Sources
   B.2: Total Expenses

C. Affordability
   C.1 Shut-offs
   C.2 Residential Customer Assistance
Discussion Topic: Open Q&A

Do you have any questions about or recommendations on how UNC should refine the CA Small Water Systems Rates Dashboard?

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Closing Remarks & Gratitude
Thank you!

Questions or comments please contact us:

SAFER@waterboards.ca.gov

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