



# Water Affordability

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# AMERICA'S WATER CRISIS



# America's Water Crisis

- 14 million U.S. households exceed water affordability guidelines.
  - The EPA recommends that water and wastewater services should not make up more than 4.5% of a household's income.
- Replacement of outdated infrastructure is driving up the cost of water and wastewater services.

# America's Water Crisis

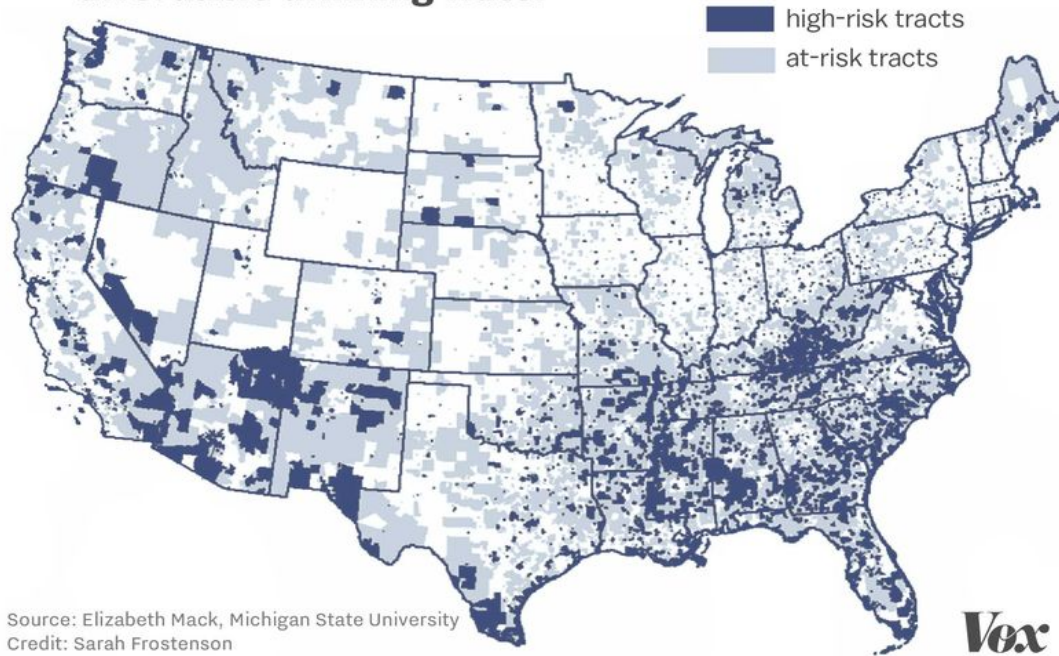
- Flint Michigan
  - Brought water issues into the public spotlight.
- Ft. Lauderdale
  - Sun Sentinel, May 12, 2017 - Hidden underground: Fort Lauderdale's \$1.4 billion sewer and water problem.
  - Sun Sentinel, May 26, 2017 - Burst pipes spew 20.6 million gallons of sewage into Fort Lauderdale's showcase waterways.

# America's Water Crisis

- According to researchers at Michigan State University, water prices will have to rise 41% in the next 5 years to cover the costs of replacing aging infrastructure and adapting to climate change.
  - This will mean 41 million (roughly one third) of all U.S. households will exceed affordability guidelines.

# America's Water Crisis

**More than a third of Americans are at risk of losing affordable drinking water**



- Dark blue represents census tracts where median income was less than \$32,000 in 2014.
- Light blue represents census tracts where median income ranges from \$32,000 to \$45,120.

• *Source: Michigan State University*

# America's Water Crisis

- No law guarantees water access for poor Americans.
- Most financial assistance is left to the discretion of individual utilities.
  - According to the EPA, only 28% of all U.S. water/sewer utilities provide some form of financial assistance to low-income customers.

# America's Water Crisis

- Federal funding for water infrastructure has fallen from more than 60% in the late 1970's to just 9% now.
  - This means that the cost of repairing and replacing infrastructure is more heavily placed on the backs of ratepayers.
  - In many cities, water and sewer rates have been low for decades and infrastructure was neglected. Now we need to catch up and rates will have to rise rapidly.
- Some cities are looking at restructuring water rates based on income to help low-income Americans.
  - In Philadelphia, a tiered rate structure for customers whose incomes fall at or below 150% of the poverty line is being rolled out in July.



# America's Water Crisis

- Since 2010, water rates in the U.S. have climbed more than 50% on average, according to a survey of water rates in 30 large U.S. cities (source: Circle of Blue).
- There is no end in sight as to when prices will stabilize. This will have a disproportionate impact on low-income customers.
- Many water utilities are also strained by other factors such as shrinking customer bases (e.g. Detroit) and falling water use (conservation).
- Civil engineers estimated the price tag for overhauling America's drinking water system will be at least \$1 trillion over the next 25 years. This means a serious water affordability crisis is looming.

# America's Water Crisis

## THE PRICE OF WATER: 2015

Combined water, sewer and stormwater prices for households in 30 major U.S. cities.



- Water prices in 30 major U.S. cities.
- Atlanta leads the nation with the most expensive monthly bill at \$326 on average.

• Source: Circle of Blue



**Water** prices pay for treating, pumping, and delivering water, while sewer prices cover the cost of cleansing the water that goes down the drain.

**Sewer** prices are often higher than water prices because more energy and chemicals are required for treatment. Following the Clean Water Act, the federal government gave grants for new treatment plants during the 1970s and 1980s. Over the past three decades, however, new spending has been cut for local sewer infrastructure.

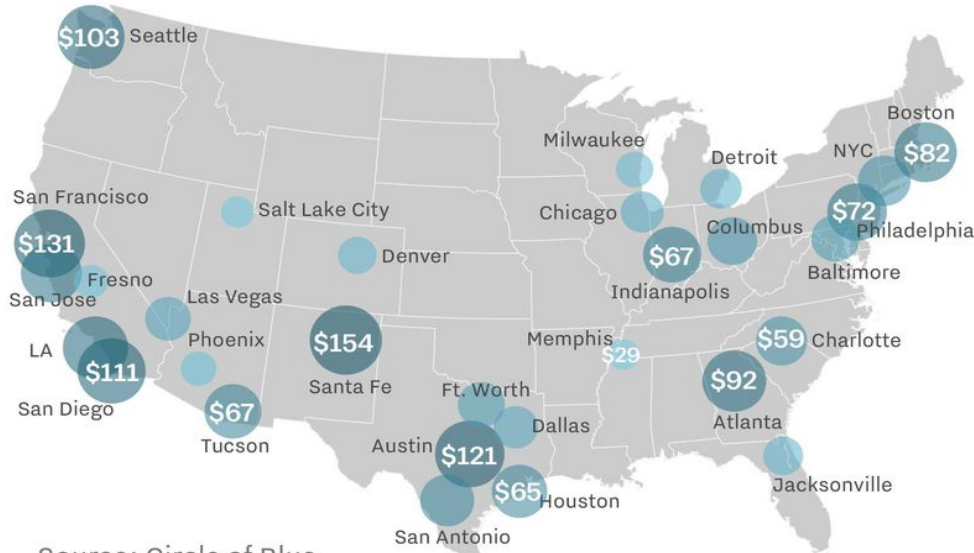
**Stormwater** fees are not included in every city's monthly bill. Some cities use general tax revenues to pay for projects to reduce polluted runoff from streets and parking lots. However, these projects must then compete for funds with other departments like police and schools.

Rates current as of April 1, 2015.  
Monthly bill calculated for a family of four using 100 gallons per person per day.  
Source: Circle of Blue research, based on utility water rates.



# America's Water Crisis

## Water prices continue to climb in 30 major US cities



Source: Circle of Blue  
Credit: Sarah Frostenson

Vox

- Prices represent average monthly cost for water only for a family of four using 12,000 gallons of water per month.
  - *Note: Sewer and Stormwater fees are not included.*
  - *Source: Circle of Blue*