UCLA Luskin Center for Innovation

# COMMUNITY WATER SYSTEMS:
# Role in premise plumbing solutions

POLICY BRIEF | JANUARY 2024

## Summary

Community water systems serve as the local water provider for 98% or more of Los Angeles County's population and have the responsibility to collect, report, and share data regarding water quality to the state and to their customers under the federal Safe Drinking Water Act and associated state law.

Public water systems' technical, managerial, and financial capacities vary greatly throughout the state, as does their ability to comply with existing standards. For instance, larger public water systems may be better able to comply because they can more easily staff and pay for required maintenance and water testing, while "at-risk" water systems likely need to pass off costs to their customers. Additionally, many water systems face aging infrastructure and underinvestment that cause challenges in providing safe drinking water.

Although water systems are publicly regulated (unlike private wells) and residents commonly expect that water systems are responsible for their tap water quality, water systems are *not* responsible for on-site or private premise plumbing. Instead, as other briefs cover, property owners are responsible for on-site plumbing. Thus, water systems are not fully responsible for the quality of water coming out of the tap.

## Recommendations

**Water systems can help advance solutions to premise plumbing concerns by implementing the following:**

1. **Establish effective methods to communicate with customers beyond regulatory responsibilities**
2. **Test water and provide timely, on-site assessments for customers at the tap**
3. **Access funding from existing programs**
4. **Facilitate on-water bill solutions for plumbing upgrades**
5. **Advocate on behalf of customers to the state and landlords**

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# Detailed Recommendations

**RECOMMENDATION 1**

## Establish effective methods to communicate with customers beyond regulatory responsibilities

▶ **Background:** The way water quality information is communicated by public agencies is incredibly important because it can empower customers to learn more about and fix their issues, as well as build trust in tap water. Public engagement is a popular strategy for water systems to promote water quality and conservation programs. Expanding on this engagement with materials framed specifically to highlight premise plumbing issues and water quality at the tap is beneficial to both the water system and the customer. An engagement campaign provides an additional opportunity to build relationships, especially households that do not pay their own water bill.

▶ **Related Code:** California's Safe Drinking Water Act requires public water systems to create and distribute a consumer confidence report every year.

▶ **Best Practices:** Water systems could communicate constantly and respectfully in a two-directional fashion with their customers in ways that are culturally and linguistically appropriate. Water systems could go beyond existing regulatory language to simply communicate concepts of relative risk and responsibility, even in cases where water systems have no legal responsibility to address these issues. Many water system staff want to, or already do, make such efforts, but there is room for improvement. Water systems could form partnerships with neighborhood or advocacy groups to provide customers with independent, trusted information that is easy to understand — similar to the Drink Philly Tap partnership.

Premise plumbing educational information could also be included in regularly distributed utility materials like water quality and consumer confidence reports and can supplement pre-existing public engagement on water efficiency. Water quality information can also be made more accessible to the public (i.e., easy to read, in languages customers speak, available online and in print) to increase transparency. However, a willingness to listen, dialogue, and explain things in the simplest accurate terms is the most important way to improve trust.

RECOMMENDATION 2

## Test water and provide timely, on-site assessments for customers at the tap

▶ **Background:** Many individuals assume that their water system is responsible for any plumbing and tap issues. Although premise plumbing issues are the property owner's responsibility, this needs to be explained to tenants, and water systems are uniquely positioned and incentivized to do so. This type of engagement is beneficial to both the water system and the customer because, in many cases, customers will realize water systems are not the cause of their tap water problem.

▶ **Related Code:** Public water systems are only legally obligated to test water for certain contaminants and not those that can affect water color, turbidity, and odor (aesthetics). California law focuses on addressing contaminants from a health-based approach, but the laws could be expanded to include addressing issues of aesthetics in water.

▶ **Best Practices:** Water systems could create or expand tap water testing programs and their visibility to customers. They could work closely with community-based organizations to respond to community-led testing and report back results. These results could also be reported to the state and potentially mapped in anonymous form.

Some water systems test for secondary contaminants that can affect water aesthetics, but there is room for improvement. These contaminants have a strong impact on whether customers trust their tap water.

RECOMMENDATION 3

## Access funding from existing small programs

▶ **Background:** To adequately address premise plumbing issues, a dedicated funding source is needed. However, in the absence of this, water systems can instead leverage existing funds. For instance, new programs at the California Department of Water Resources and the State Water Resources Control Board (Water Board) enable water systems serving nonwealthy communities to make upgrades to preserve drinking water affordability. Furthermore, federal funds are available to replace water pipes; the Bipartisan Infrastructure Law approved $15 billion for lead pipe replacement and $11.7 billion for general infrastructure work.

▶ **Related Code:** Public agencies can use borrowed dollars (like bonds and the EPA's Clean Water State Revolving Fund loans) to pay for investments on private property that serve a public purpose.

The Governmental Accounting Standards Board (GASB) sets rules for public agencies nationwide and clarified that public water systems can use a GASB 62 approach to finance investments on private properties. The California Constitution prohibits the use of state resources for the benefit of "corporations, associations, asylums, hospitals, or other institutions that are not owned and operated by the State." However, there are exceptions for water management.

▶ **Best Practices:** Water systems, especially those which are publicly owned, can potentially collect additional revenue from new federal, state, and county funds to carry out more proactive distributional network replacement. This was the case with the Bay Area Disadvantaged Community and Tribal Involvement Program's Tap Water Quality program, which has led to a prospective follow-up effort by the program in the Los Angeles area.

Various cities and municipalities across the U.S. have leveraged revenue to replace premise plumbing:

- Denver Water in Colorado used a GASB 62 approach to leverage bond funding and replaced lead pipes rather than waiting to conduct a full survey on the issue.
- The City of Newark, New Jersey, utilized designated funding to leverage other funds to replace lead pipes quickly, and used money collected from water rates to replace pipes. It also created a free lead pipe mandatory replacement program.
- The Massachusetts Water Resource Authority offers interest-free loans to allow municipalities to access funds to replace pipes.

Many water systems are still concerned with the gifting of public funds, but it is important for water

systems to review and pursue opportunities to help their customers fix premise plumbing issues.

RECOMMENDATION 4

## Facilitate on-water bill solutions for plumbing upgrades

▶ **Background:** In many cases, the financial assistance needed to fix premise plumbing issues is small enough to be addressed with an on-water bill solution. On-bill financing models can address concerns of high upfront costs required for plumbing repairs and reduce potential tension between tenants and landlords. Moreover, these solutions could have low administrative costs because water systems can integrate repayment into current billing structures. However, it is unclear whether landlords would be interested in or supportive of this program, and focus groups or further research could be conducted on this topic.

▶ **Related Code:** California code establishes certain requirements for billing processes on public water systems. Propositions 13 (1978), 218 (1996), and 26 (2010) place restrictions on rates public water systems can charge for water.[1]

▶ **Best Practices:** A water system can tie repayment to addresses and to water service. Doing this removes the risk of a tenant moving out of the service area before repayment is complete and reduces administrative obstacles of tracking tenants. Shifting the repayment interaction from a landlord to the water system can address the former's reluctance to pay upfront costs and concerns of tenant eviction or rent increases. In 2020, the Water Board recommended statewide water rate assistance programs that could support the structure for on-water bill solutions.

RECOMMENDATION 5

## Advocate on behalf of customers to the state and landlords

▶ **Background:** Water systems have access to water quality data and have a direct relationship with their customers. Some also have access to large legislative and/or governmental affairs teams.

▶ **Related Code:** Water systems can, do, and should further advocate, whether individually or through associations, for policy changes that would benefit their customers, except as explicitly barred by law or code. Furthermore, new Lead and Copper Rule revisions require water systems to inventory the customer side of the service line and create a plan for replacing lead and galvanized service lines, including on the customer side. The EPA also proposed new restrictions in November 2023 that would require the removal of virtually all lead water pipes across the country in the next 10 years.

▶ **Best Practices:** Water systems can lobby local, state, and federal policymakers through organizations like the California Municipal Utilities Association (CMUA) and the California Association of Mutual Water Companies. CMUA, for example, led a broad coalition of water and energy advocacy organizations in 2021 to successfully lobby and secure about $2 billion in financial assistance to help Californians who had fallen behind in paying their water and energy bills. Water systems could engage in some level of advocacy or direct support (i.e., code reforms or funding for lead service line replacement) on behalf of customers. This is especially important for historically marginalized residents and others who may not have the resources, connections, or ability to effectively self-advocate.

Water systems can also better communicate with property owners about service line replacements associated with the Lead and Copper Rule Revision as an opportunity to improve water quality, efficiency, and public trust in tap water.

Furthermore, water systems, in general, can more consistently work directly with landlords of large properties and public housing managers and authorities (i.e., Housing Authority of the City of L.A.) to provide solutions for major plumbing issues. Water systems can also provide financial support directly to tenants.

## AUTHORSHIP

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## FOR MORE INFORMATION

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## NOTES

1 See Paying for Water report and California Constitution Sections 1-3