

advancing the science of water

WRF Webcast

WRF #4671 "Navigating Legal Pathways to Rate-Funded Customer Assistance Programs" and WRF #4557 "Customer Assistance Programs for Multi-Family Residential and Other Hard to Reach Customers"

August 3, 2017

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# **Project Resource Access**



The Foundation	Knowledge Portals	Resources	Funding	See in
<b>Q</b> Search		>	🚵 SIGN IN	

### Celebrating 50 Years of WRF Research

As part of our year long 50th anniversary celebration, WRF will be highlighting several utility stories, showcasing subscriber utilities that have achieved great things, in part because of their use of and participation in WRF research projects.

### **Research Results and Tools**

Access to Project reports and updates, Case Studies, Web Tools, State of the Science documents, and more.

### .....

w.waterrf.org

### Advances in Water Research Magazine

The 2nd quarter issue includes features on pressure management, residential end use, metals accumulation in distribution systems, and AMR/AMI standardization.

### Knowledge Portals

Set Management Water Efficient Contribution System Integrity

Chemicals of Emergin



Navigating Legal Pathways to Rate-Funded Customer Assistance Programs: A Guide for Water and Wastewater Utilities - 4671

Completion Year 2017 Research Value \$25,000.00 Research Manager Jonathan Cuppett Principal Investigator N/A

Contractor

Previous reports on the topic of affordability and customer assistance programs (CAPs) for water and wastewater customers have focused more on examples of existing programs without a deep analysis of the enabling legal framework that made the program possible. This project highlights how the legal framework in states across the country has shaped and made many of these programs successful, or how the legal framework has in some cases severely limited the design and implementation of programs. Examples from all 50 U.S. states, as well as Puerto Rico and the District of Columbia, are included. This project focuses on how CAPs can be financed by the utility. Specifically, the emphasis is on the ability to finance CAPs directly from rate revenues.

The project produced a final report, posted below. The report includes several case studies. In addition, the project produced an interactive map, which is posted on the **University of North Carolina Environmental Finance Center's website**.

This project was funded by the Water Research Foundation, Association of Metropolitan Water Agencies, American Water Works Association, National Association of Clean Water Agencies, National Association of Water Companies, Water Environment & Reuse Foundation, and Water Environment Federation. Published in 2017.

Report N	ame	Report #	Available	Order Report	Download PDF	Executive Summary
	Navigating Legal Pathways to Rate-Funded Customer Assistance Programs: A Guide for Water and Wastewater Utilities		4671 7/12/2017		PDE	

# **Finance Knowledge Portal**

### Knowledge Portals: Utility Finance

Asset Management

Climate Change

Contaminants of Emerging Concern

**Disinfection By-Products** 

Distribution System Management

Energy Management

Microbials

Source Water Protection and Management

Utility Finance

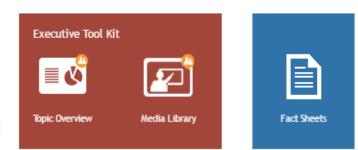
Utility Management

Water Supply Diversification Projects & Reports (68) Webcasts (11)

Case Studies (3)

Web Tools (2)

Water utilities are facing a myriad of financial challenges in the current business environment. Utilities must provide high-quality water to their customers, upgrade their facilities and distribution systems in a time when funds are scarce, and meet new regulatory requirements - all while keeping rates at a level suitable for their customers' economic situations.





# Current and Upcoming Finance and Management Projects



## Presenters

- Stacey Isaac Berahzer, EFC at UNC Chapel Hill
- Maisha Land, City of Atlanta
- Janet Clements and Karen Raucher, Corona Environmental Consulting
- Sangamithra Iyer, NYC DEP



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### Stacey Isaac Berahzer EFC at UNC Chapel Hill

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## Pathways to Using Rate Revenues to Assist Low Income Customers

Stacey Isaac Berahzer Environmental Finance Center at UNC Water Research Foundation Webcast: Water and Wastewater Affordability 08/03/17

# **Poll Question**

Does your water system currently provide assistance to customers who don't pay their water bill(s)? (choose one)

- Yes
- No
- don't know





# ENVIRONMENTAL FINANCE CENTER



### UNC SCHOOL of GOVERNMENT

advancing the science of water

Dedicated to enhancing the ability of governments and other organizations to provide environmental programs and services in fair, effective, and financially sustainable ways through:

- Applied Research
- Teaching and Outreach
- Program Design and Evaluation



How you pay for it matters

## Work Funded by Seven National Water/Wastewater Associations









### **Research Team**







### Independent Legal Experts

Scott Rubin, Advisor Roger Colton, Advisor

## **Objectives**

- Learn why affordability programs are relevant to water and wastewater systems
- Learn about how to determine if there are affordability concerns in your specific service area
- Learn about some of the legal barriers or opportunities to funding customer affordability programs

### **Research Question**:

Can a Utility Use its Primary Revenue Source (Rate Revenue) to Fund a CAP?

- 52 state legal summaries (includes PR and DC)
- 9 case studies of well funded customer assistance programs
- Analysis of other sector approaches
- Analysis of international approaches

## BACKGROUND

# **Affordability Parameters**

- Focus of today's session: "Affordability" from the customer level, not "financial capacity" of the utility
- Example: "the inability of the poorest segment of the customer base to fund its proportionate share of the total costs of the provision of utility services" (AWWA, M1)

## Business Case for Creating Affordability Programs or "Customer Assistance Programs" (CAPs)

- When customers have trouble paying utility bills, actual costs to the utility include:
  - —increased arrearages
  - -late payments
  - -disconnection notices, and
  - -service terminations
- Buyers of utility bonds also get nervous
- Public opinion of the utility falls?

# Are Your Rates Too High?

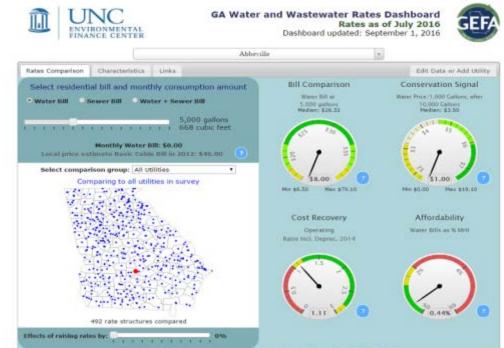
- Probably not (at least overall)
- But, there may be a sector of your customers for which the rates are unaffordable
- Maybe this sector of your customers is growing?

# HOW TO DETERMINE IF THERE ARE AFFORDABILITY CONCERNS IN YOUR SERVICE AREA

# Some Dashboards have an Affordability Dial

### Example: Georgia Rates Dashboard

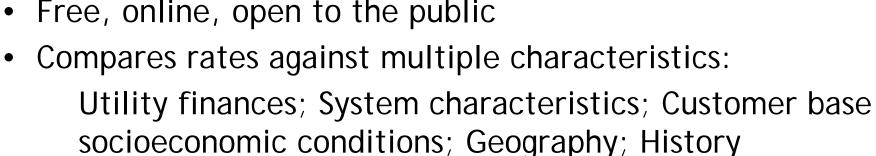
 On the EFC Website, Go to <u>http://efc.sog.unc.edu</u> and search for "Georgia Water and Wastewater Rates Dashboard"



Copyright (c) 2016 Environmental Finance Center at the University of North Carolina, Chapel Hill.

## **Several Rates** Dashboards

- Created for a dozen states
- Free, online, open to the public



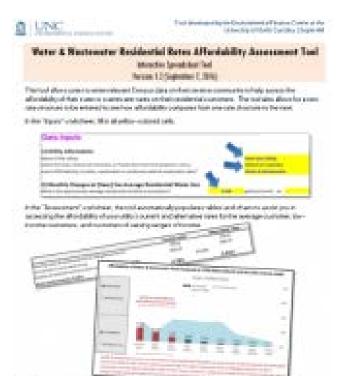
- Compare to similar utilities (large samples):
  - All utilities; similar service population; similar water source; using same rate structure; similar customer income; same type of utility; within 50 miles distance

Access the Dashboards

Click a state in blue to view its dashboa

## Water and Wastewater Residential Rates Affordability Assessment Tool

On the EFC Website Go to http://efc.sog.unc.edu and search for "Affordability Assessment Tool"



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Based on the assessment result ...

# WHAT IF THERE SEEMS TO BE AN AFFORDABILITY ISSUE?

### DESIGNING CAPS TO ADDRESS AFFORDABILITY CONCERNS

# Some Elements of Designing a CAP

- Deciding who gets assistance
- Deciding what types of assistance to provide
- Planning for program outreach and monitoring
- Determining how much the CAP will cost
- Devising a plan to fund the CAP

### Who Gets Assistance? - Common Practices in Eligibility Verification

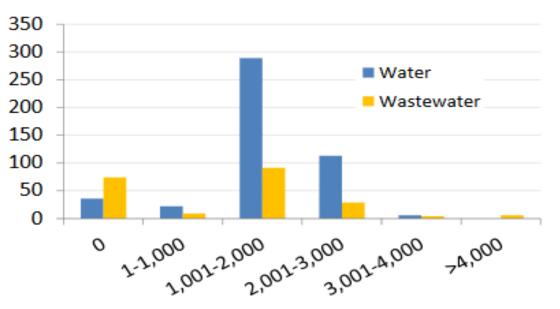
- Partnering with another organization that focuses on low-income
- Proof of eligibility in related programs, such as:
  - LIHEAP (Low Income Home Energy Assistance Program)
  - AFDC (Aid to Families with Dependent Children)
  - SSI (Supplemental Social Security Income)
  - Medicaid
  - Food stamps
  - Local property tax assistance; and
  - Other utilities (electric, natural gas, telephone, offer discount programs based on income)

### Everyone Gets Assistance? - Concept of Lifeline Rates

- "Providing a minimal amount of water, at a reduced cost to all customers, regardless of income level or ability to pay" —Source: AWWA Manual M1
- Often some consumption is included in the base charge

### Example

Figure 2: Consumption included with Base Charge for Residential Customers Among 465 Water and 212 Wastewater Rate Structures



Monthly Consumption Allowance (gallons)

Source: Water and Sewer Rates and Rate Structures in Alabama June 2016, by ADEM/EFC

93% of water and 67% of sewer rate structures include a minimum consumption amount with the base charge

28

# Funding Sources for Affordability Programs

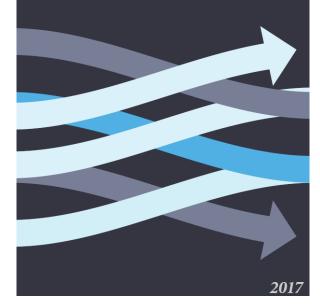
- Revenue generated directly from customer rates (not an option in some states) <u>https://efc.sog.unc.edu/project/navigating-legal-</u> pathways-rate-funded-customer-assistance-programs
- Voluntary contributions (e.g. bill round-up)
- Rental income from cell phone and internet providers that rent use of the water utility's towers/tanks
- Service line protection programs

New report FUNDING AFFORDABILITY PROGRAMS

### June 2017 Publication

#### Navigating Legal Pathways to Rate-Funded Customer Assistance **Programs:**

A guide for Water and Wastewater Utilities



#### Alabama

Water and wastewater utilities in Alabama fall under several rate setting regulatory systems.

#### Commission-Regulated Utilities

The Alabama Public Service Commission (APSC) regulates private water and wastewater companies in Alabama.21 Under Ala. Code § 37-1-34, the APSC does not have the authority to regulate government-owned utilities. Furthermore, per Ala. Code § 37-4-2.1, utilities serving less than 1,000 customers and purchasing water from a noncommission-regulated utility22 can choose to be exempt from APSC regulation and instead fall under that utility's municipal authority.

Ala. Code § 37-1-81 states that commission-regulated utilities need to file rate schedules with the APSC before changing rates. In addition, Ala. Code § 37-1-80 states that commission-regulated utilities must charge "reasonable and just" rates. Alabama follows the "rate base theory" when determining what is just and reasonable, with the rate base (to determine the fair rate of return) being "the valuation placed on the utility property."23 Ala. Code § 37-1-124 considers rates set by the APSC to be prima facie just and reasonable.24 Furthermore, when the APSC finds rates to be unjust and unreasonable, Ala. Code § 37-1-97 gives it the power to adjust them to be just and reasonable.

Thus, commission-regulated utilities would likely need specific approval, in the form of an APSC order, to charge rates to be used to fund a low-income customer assistance program (CAP).

#### Noncommission-Regulated Utilities

Municipalities, including cities and towns, have the right to operate and maintain rates for water utilities.25 They are not subject to APSC regulation and thus can set their own water and wastewater rates.26 For wastewater rates, under Ala, Code § 11-50-121, "all such charges shall be uniform for the same type, class, and amount of use or service by or from the sewer system." This code also lists factors that can be used to set rates. but does not mention socio-economic factors.27



State Population (2016): 4,863,300

Median Annual Household Income (2015): \$43,623

Poverty Rate (2015): 18.8%

Commission-regulated utilities

Typical Annual Household Water and Wastewater Expenditures (2016): \$775

Alabama has 516 community water systems (CWS), of which 17 are privately-owned and 406 serve populations of 10,000 or fewer people. Alabama has 291 publicly owned treatment works facilities (POTWs), of which 204 treat 1 MGD or less. 58,937 people are served by privately-owned CWS; 5,548,854 are served by government-owned CWS; and 2,420,993 are served by POTWs.

Estimated Long-Term Water and Wastewater Infrastructure Needs: \$11.0 billion

Sources: U.S. Census Bureau 2016 Population Estimate & 2011-2015 American Community Survey 5-Year Estimates, 2016 EPC Rates Survey, U.S. Environmental Protection Agency's 2016 Safe Drinking Water Information System, 2011 Drinking Water Infrastructure Needs Survey & 2012 Clean Watersheds Needs Survey. See Appendix I for more details.

Based on the limits laid out above, noncommissioregulated water utilities appear to have very broad ratesetting authority that could be used to implement lowincome CAPs funded by rate revenues. On the other hand, because of the aforementioned specific statutory limitation, wastewater utilities might face legal challenges if using rate revenues to fund low-income CAPs, but such programs would face fewer obstacles than programs using income-indexed rates or discounts.

### https://efc.sog.unc.edu/opportunities-in-affordabilityassistance

# FINDINGS

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## Confusing and Ambiguous Legal Framework

- Utilities must navigate a complex, confusing and ambiguous legal framework that varies significantly from state to state
- In many cases, different types of utilities are subject to different rules that result in some utilities within a given state being able to design programs in a way that is prohibited for other types of utilities. e.g. in California:
  - Government owned utilities = CAPs curbed by restrictive statutory and constitutional provisions
  - Investor owned utilities = CAPs encouraged

## Can the Utility Use its Primary Revenue Source to Fund a CAP?

- Silence, ambiguous or restrictive language leave many utilities unsure if they can use their rate revenues
- Without the use of rate revenues, most of the CAPs across the country are small and can't address the total customer need

## Categorizing States by Level of Authorization for Affordability Programs Using Rate Revenue

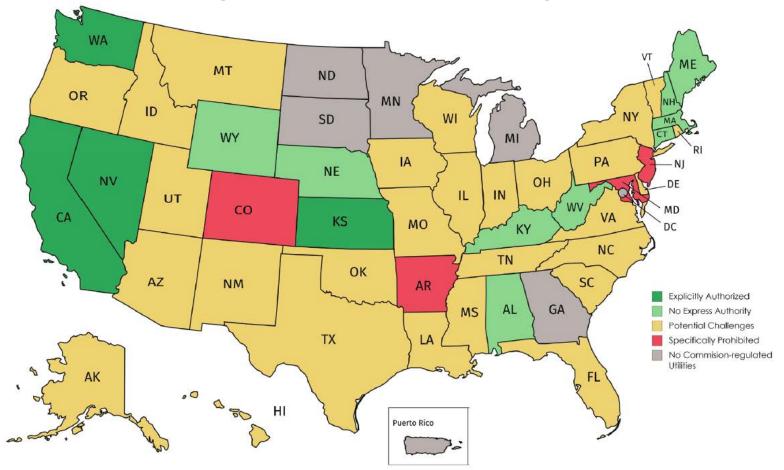
GO	Explicitly Authorized
	No Express Authority
	Potential for Challenges
STOP	Specifically Prohibited

# CommissionNonRegulatedCommissionUtilitiesRegulatedUtilitiesUtilities

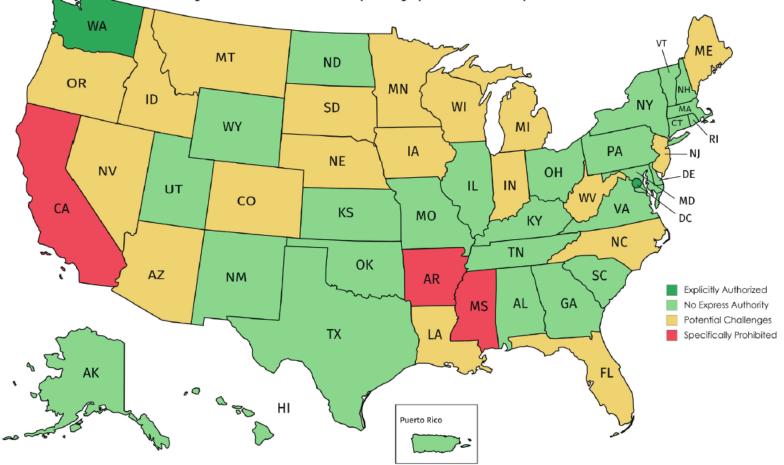
Authorization to Create Affordability Programs Using Rate Revenues

	Utilities		
GO	Explicitly Authorized	4	2
	No express authority, but nothing in the statutes or case law seems to limit an entity from implementing a program	9	28
	Something in the statutes or case law, such as ambiguous language, limiting terminology, cost of service require- ments, etc., suggests the <b>potential for</b> <b>challenges</b>	28	19
<b>STOP</b>	Specifically prohibited	4	3

### Commission Regulated Utilities: Ability to Implement CAPS Funded by Ratepayer Revenues by State



### Non Commission Regulated Utilities: Ability to Implement CAPS Funded by Ratepayer Revenues by State



# When State Law is Ambiguous: Options for Implementing CAPs Successfully

- Option 1. At the state level, introduce statutory language that addresses affordability programs in clear, unambiguous terms
- Option 2. Develop an argument for why a CAP conforms to existing statues and is not affected by perceived limitations
- Option 3. Develop an alternative program that does not rely on direct customer rate revenue to fund the assistance to low-income individuals

### **Utility Case Studies**

- 1. City of Atlanta Department of Watershed Management, Georgia
- 2. California Water Service, California
- 3. Camden County Municipal Utilities Authority, New Jersey
- 4. Great Lakes Water Authority and the City of Detroit Water and Sewage Department, Michigan
- 5. Suez Water and New York American Water, New York
- 6. City of Portland Water Bureau, Oregon
- 7. City of Raleigh Public Utilities Department, North Carolina
- 8. City of Seattle Public Utilities, Washington
- 9. DC Water and Sewer Authority, District of Columbia

## Georgia

- GA is one of only 6 states in which private water & wastewater companies are not regulated by a state utility commission
- GA is a strong home rule state, and its constitution grants specific "supplementary powers" to counties and municipalities
- As such, municipal charters & local ordinances affect a local entity's ability to implement CAPs in GA

## Georgia's "Gratuities Clause" = Concern for CAPs?

 Paragraph VIII of the Georgia Constitution states that "[t]he General Assembly shall not authorize any county, municipality, or other political subdivision of this state, through taxation, contribution, or otherwise, to appropriate money for or to lend its credit to any person or to any nonpublic corporation or association except for purely charitable purposes." Additionally, a gratuity is defined as "something given freely or without recompense; a gift."

## Atlanta Has Funded a CAP for many years

- 1995 ~ 2010 → private donations, foundation grants, CDBGs (Eventually added revenues from cellular tower leasing)
- ~2011→ royalties from the service line warranty program; customer donations through the bill payment process
- Strong business case for why using rates revenues does not violate the Gratuities Clause
- 2013 → ATL code was amended to allow "water and sewer revenues of the City's drinking water and wastewater system" to fund Care and Conserve
- 2016 → \$1 million was added to Care and Conserve from the city's water and wastewater revenue (via the renewal and extension fund).

## Atlanta City Code

 Atlanta City Code § 6-306, establishes City's authority to "annually appropriate and donate money, derived from taxation, contributions, or otherwise, for and to any corporation, company, association, or institution for purely charitable purposes."

### **Other EFC Resources on Affordability**

- Blog:
  - <u>http://efc.web.unc.edu/tag/water-affordability/</u>
  - -9 posts, and counting, on this topic
- Compilation of Affordability Resources: <u>http://www.efc.sog.unc.edu/water-affordability-tools</u>, examples:
  - Tool Water Utility Customer Assistance Program Cost Estimation Tool
  - Water Research Foundation report <u>Defining a Resilient</u> <u>Business Model for Water Utilities</u> - Chapter 4
- Rates dashboards affordability dial

## **Thank You**

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### Maisha Land City of Atlanta

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#### City of Atlanta Department of Watershed Management Affordability Programs

August 3, 2017



Valvor Atlanta department of Watershed Management

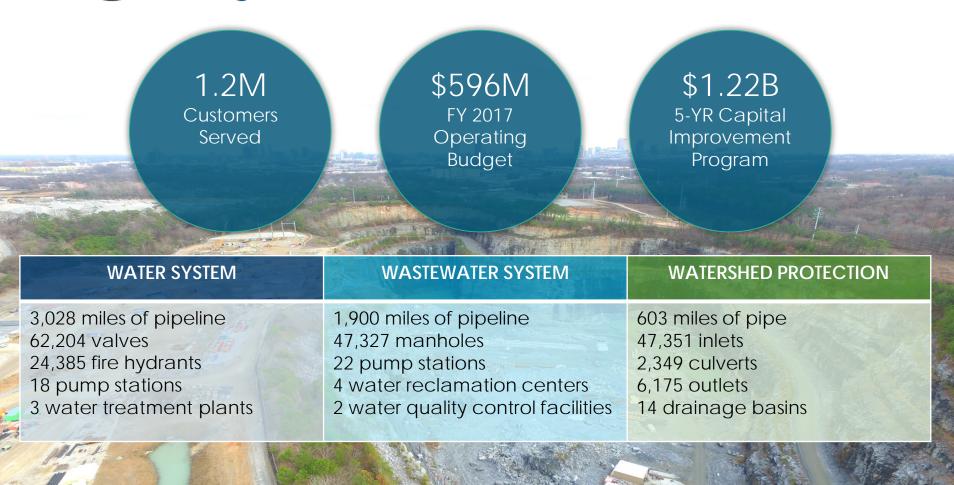
CITY OF ATLANTA Kasim Reed, Mayor Kishia L. Powell, Commissioner

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- I. DWM and City of Atlanta Overview
- II. Strategic Priorities
- III. Model for Affordability Cause
- IV. Affordability Programs
- V. Care and Conserve History and Funding
- VI. Care and Conserve Bill Payment Assistance
- VII. Care and Conserve Plumbing Assistance
- VIII. Senior Discount
- IX. Workforce Development: StreamWork

**City of Atlanta Department of Watershed Delivers** 100 MG of drinking water per day **Treats** 188 MG of wastewater per day



### Demographic & Economic Picture

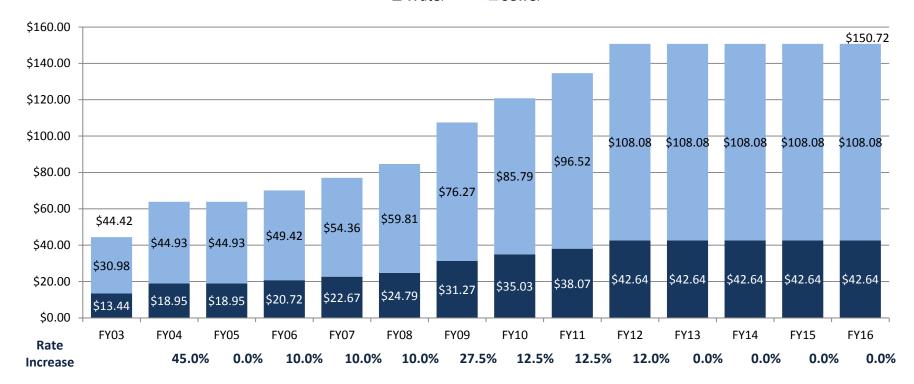
- 23.2% of COA households fall below poverty level
- 30% of COA households fall below annual income of \$25,000
- Approximately 40% of households fall at/or below low income level
- Atlanta Median Income -\$46.5K

National Picture	Atlanta Picture				
Average Annual Residential Bill /Median Income (ARBMI) < 1.5% OWASA: - Utility affordability benchmarks	Atlanta ARBMI - 3.9% 1800/46,500				
Average US household Water/Sewer bill	Average Atlanta household Water/Sewer bill				
- \$791/year	- \$1800/year				
- 3.3% (household income at the poverty line)	- 7.7% (for household income at the poverty line)				

### **Historical Residential Bill Impacts**

#### City of Atlanta- Department of Watershed Management Combined Water and Wastewater Bills: 8 CCF User

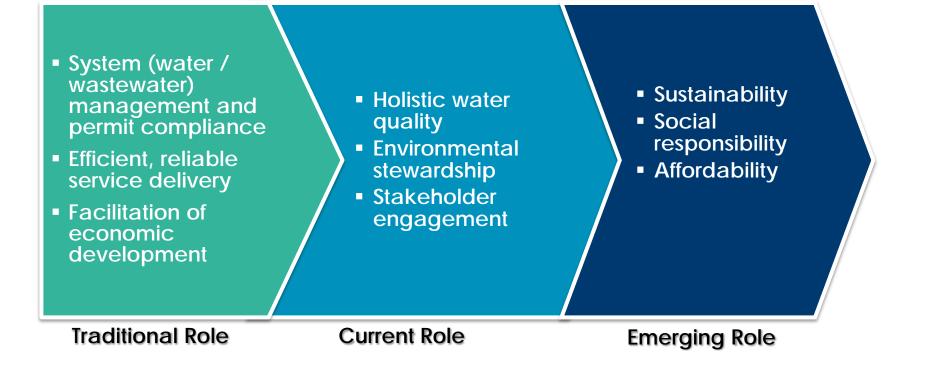
FY 2008 thru FY 2016 Water Sewer



## **Strategic Priorities**

Strategic Priority	Value
Service Delivery	Increased responsiveness and improved customer service
Infrastructure Reliability	Invest in critical assets and preventative maintenance to assure reliability
Workforce Development	Attract, develop and retain a talented workforce, and incentivize strong performance
Operational Efficiency	Optimize limited resources to gain greater efficiencies within our enterprise operation
Financial Resilience	Optimize revenue enhancements and meet the system's financial needs at optimal costs
Compliance	Ensure the Department's continued compliance with federal and state requirements
Safety	Promoting safe working practices and protecting the assets, inventory and water supply; safety first mission

### **A NEW Model Service Provider**



## Georgia Gratuity Clause

#### Georgia Constitution - Art. III, Sec. VI, Par. VI

"The General Assembly shall not authorize any county, municipality, or other political subdivision of this state, through taxation, contribution, or otherwise, to appropriate money for or to lend its credit to any person or to any nonpublic corporation or association <u>except for purely charitable</u> purposes."

Georgia Supreme Court defines "gratuity":
Something given freely or without recompense — a gift, or
Something given in return for a favor or a service — a bribe

## **Georgia Gratuity Clause**

- Gratuity Clause provision contains:
  - an exception allowing the expenditure of money for purely charitable purposes
  - authority to make charitable contributions specifically authorized by local legislation

#### Georgia Supreme Court Ruling

Smith v. Board of Commissioners of Hall County, 244 Ga. 133, 259 S.E.2d 74 (1979)

No gratuity or donation is involved when the local government receives substantial benefits in return for the use of its property

#### Are our affordability programs:

- for charitable purposes?
- a direct and substantial benefit to the system?

### Legislating Water Affordability City of Atlanta Ordinance 13-O-0119

DWM affordability programs provide a direct and substantial benefit to the drinking water and wastewater system. Pipes, Plants &

People

			The start of the s		
	WATER CONSERVATION	LIFELINE ACCESS TO WATER AND WASTEWATER SERVICE	SUSTAINABLE INFRASTRUCTURE		
	<ul> <li>Avoid/defer costly water supply enhancement projects allowing better leverage for existing water resources</li> </ul>	<ul> <li>Improve customer accessibility to the quantity of water necessary to sustain life, safety, and health</li> </ul>	<ul> <li>Reduce bad debt expenses</li> <li>Retain customers</li> <li>Avoid costs of disconnection and collections</li> </ul>		
ないない	<ul> <li>Further federal, state and City policy to conserve water resources</li> </ul>	Enhance the City's good will, departmental brand and engagement agenda	Reduce the likelihood of sewage spills and water waste		

Policy

Payments

## **Affordability Programs**

#### CARE & CONSERVE PROGRAM

#### Affordability through:

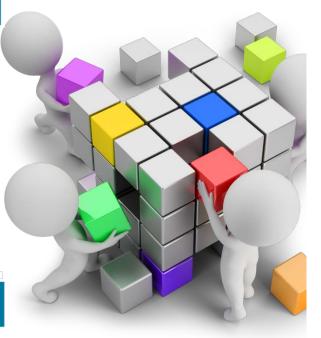
- Water/Sewer Bill Payment Assistance
- Plumbing Repair Assistance
- Conservation Fixtures

#### SENIOR DISCOUNT PROGRAM

Affordability through discounts

#### STREAMWORK PROGRAM

•Affordability through workforce development



### **Program History**

### CARE & CONSERVE PROGRAM

**2012:** DWM revenue funds 1<sup>st</sup> adopted by Council as funding source in FY13 Budget

**2011**: Service line warranty royalties added as funding source

**2007**: C&C program expanded to sanitary sewer & drain repair

1995: COA/ EPA selects non-profit grant administrator

**1994:** COA identifies utility assistance need for water and sewer C&C Trust established

## Care & Conserve Funding Sources

### CARE & CONSERVE PROGRAM

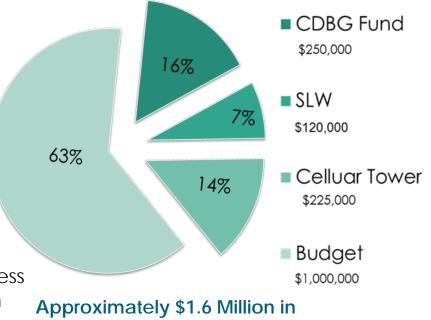
#### 1995 to 2012

Care & Conserve Trust Fund

- Community Development Block Grants HUD
- Private donations
- Revenue from cell tower leases
- Corporate & foundation grants

#### 2013 to present

- Cellular Tower Leases
- Service Line Warranty Program Royalties
- Community Development Block Grants HUD
- Customer donations through bill payment process
- Water & sewer revenue budget appropriation
- Revenue from cell tower leases



assistance programming per year

## Water Bill Payment Assistance

## CARE & CONSERVE PROGRAM

How we help!

Assists single-family, low-income, residential customers who are facing financial hardships with outstanding water bill balances.



Family size	1	2	3	4	5	6	7	8
Income	\$24,540	\$32,860	\$41,180	\$49,500	\$57,820	\$66,500	\$74,460	\$82,780

## **Bill Assistance Services**

#### We act as a lifeline to many customers with our services.



- Caring Customer Support & Advocacy
- Assistance understanding how to manage water bills
- Water Conservation audits and recommendations
- Assistance with identifying leaks
- Wrap around/support service referrals
- Landlord Leak Letters

### Water Loss & Conservation

- Provide 3 year consumption audit on qualifying applicants;
- Provide verbal consumption audits of accounts with high consumption for the household size
- Inspector visits to determine leaks at meter/property
- Recommendations for water conservation
- <u>Property with leaks</u>-<u>H</u>omeowner/landlord required to make repairs by deadline issued
- Application placed on hold until the repairs are made
- Consumption monitored for 3 months
- Bill Payment assistance applied, if eligible

## **Bill Assistance Levels**

#### An applicant may receive up to:

- \$1,000.00 for bill payment assistance
- \$3,000.00 for a leak voucher

Assistance is assessed on a case by case basis.

Customers are responsible for making some form of payment during the application process.

## Plumbing/Leak Repair Assistance

### CARE & CONSERVE PROGRAM

- Must meet Low Income Guidelines (2 x FPL)
- Customer must own and occupy property
  - City of Atlanta Water Customer

-Toilet, Faucet, Interior Plumbing Replacement/Repair

- Water Heater Replacement/Repair
  - Underground Leak Repair
    - Septic Tank Failure
  - Low Flow Fixture Installation
    - Drain Repair



Family size	1	2	3	4	5	6	7	8
Income	\$38,200	\$43,650	\$49,100	\$54,550	\$58,950	\$63,300	\$67,650	\$72,050

#### CCPRP Household Income Levels ONLY

### **Plumbing Assistance Priorities**

CARE & CONSERVE PRIORITIES

- Educating customers about water conservation measures
- Conducting individual home water audits
- Reduction of bills through the installation of water efficiency devices
- Providing water/wastewater and storm drain repair assistance
- Fiscal and budget education that supports a pathway toward self-sufficiency and sustainable communities in the City's water service area
- Customer referrals/provision of support services to enable at-risk customers to prevent shut-off; and
- To assist with the improvement of household health conditions caused by water /wastewater related plumbing failures.

### **CCPRP Service Area & Activities**

- Assists single-family, low-income, residential customers with plumbing repairs at no cost to the customer.
- Administered by a non-profit agency through a DWM issued grant

#### **CCPRP Service Area**

The City's retail water system serves more than 150,000 active water accounts. The City's retail water service area includes:

- The City of Atlanta
- Unincorporated areas of Fulton County (South of the City), and portions of incorporated areas located in South Fulton where the City's customers were recently annexed into cities from formerly unincorporated Fulton County
- Areas located within Sandy Springs and Chattahoochee Hills

#### **CCPRP Service Activities**

• Eligibility determination, audit and program educational components services, for low-income households (either renters or owners), can occur anywhere in the City of Atlanta retail water service area

#### **Inside City Limits**

#### • Water Repairs

Sewer/Drain Repairs

#### **Outside City Limits**

Water Repairs Only

## **Affordability Programs**

### SENIOR DISCOUNT PROGRAM

- Seniors receive a 30% discount on water/sewer bills
- Approximately \$1M in discounts per year

#### Qualifications:

- Be a City of Atlanta water and sewer customer
- Annual renewal
- Be 65 years or older
- Maximum household income of \$25,000 or less
- Be primary titleholder or leaseholder on the property subject to the bill

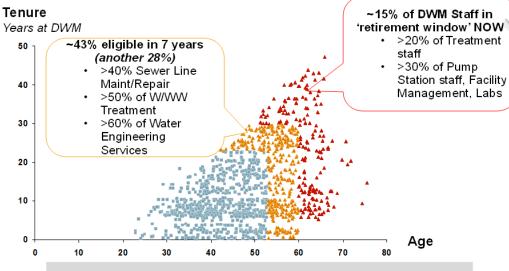


### Workforce Development

#### STREAMWORK PROGRAM

#### **DWM Faces Large Wave of Upcoming Retirements**

Water Mastewater Treatment (W/WW) appears most exposed



Suggests need to prepare next level(s) for supervisory and senior technical roles



### Workforce Development

#### STREAMWORK PROGRAM

A trade skills program that provide persons of various education levels gainful and meaningful work experience in the water and wastewater industry.

The trainee must:

- Reside in the City of Atlanta's water service area
- Possess a high school diploma or GED from an accredited institution
- Be licensed/no more than 6 months from acquiring licenses or certifications to become:
  - Heavy Equipment Operator
- CDL Driver
- Brick Mason

- Wastewater/Water Operator
- Machinist
- Mason Apprentice

Construction Manager

• Electrician

Allows customers to participate in the city's economic development efforts as both an employee and residential stakeholder while addressing the department's workforce needs through community partnerships.

## The Care and Conserve Affordability Approach

- People Are an Essential Part of Our Infrastructure
- Consider <u>People</u> before Pipes, Plant & Payments.

#### Conservation Matters

- Conserve Customer Dignity
- Conserve the Department's Brand
- Conserve Water Resources and the Environment
- Create the Consumer Stakeholder
- Engage economic development by creating employee and residential stakeholders
- Produce your product in ways that address department workforce community and needs
- Create progressive resources as revenue streams



### Janet Clements and Karen Raucher Corona Environmental Consulting

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### Customer Assistance Programs for Multi-Family Residential and Other Hard-to-Reach Customers

Water Research Foundation Project #4557

## **Research Team**





- Corona Environmental Consulting/Abt Associates
  - Janet Clements (co-Pl)
  - Bob Raucher (co-PI)
  - Karen Raucher
- UNC Environmental Finance Center
  - Stacey Isaac Berahzer
  - Jeff Hughes
- Scott Rubin (Independent Attorney)
- Roger Colton (Fisher, Sheehan, and Colton)

### **Research Team**

#### • Project Advisory Committee

- Cecilia Huyhn, Portland Water Bureau
- Sangu Iyer, NYC DEP
- Tom Gould, HDR
- WRF Research Manager, Jonathan Cuppett

#### • 13 Participating Utilities

Albuquerque Bernalillo County Water Authority, City of Atlanta Department of Watershed Management, Greater Cincinnati Water Works/Metropolitan Sewer District, Columbus (GA) Water Works, City of Columbus (OH) Department of Public Utilities, Denver Water, Energy Outreach Colorado, Halifax Water, Orange Water and Sewer Authority, Park Water Company, Pennsylvania American Water, City of Philadelphia Water Department, Seattle Public Utilities

## **Research Questions**

- Who are the H2R?
- What are their affordability challenges?
- Why do utilities want or need to reach them?
- What do utilities need to know as they get started?
- What are the available options for assisting these customers?
- How can utilities successfully implement a customer assistance program for the H2R? (Hint: H2R business process framework)

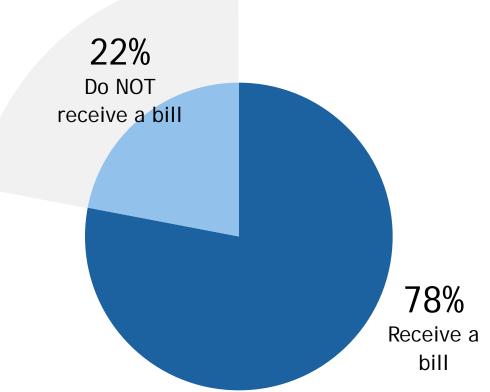
## Who are the hard-to-reach?



- Do not receive a bill directly from utility
- Most live in multifamily housing (80%) or single family rentals (13%)
- Most pay for water and wastewater through their rent

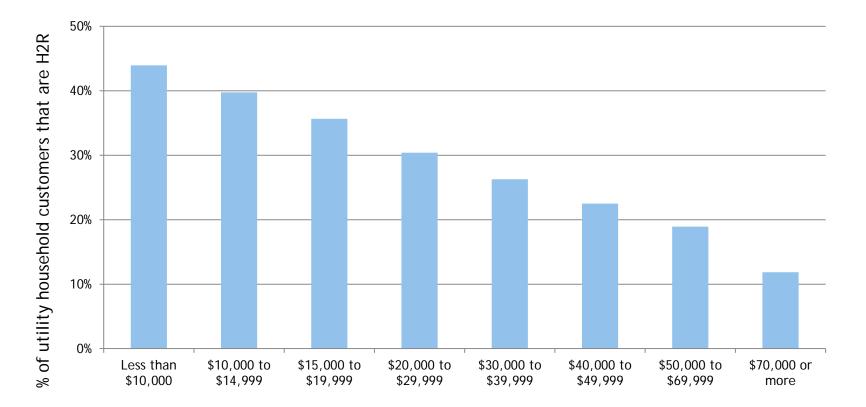
## Who are the hard-to-reach?

of all U.S. households that receive water from a utility...

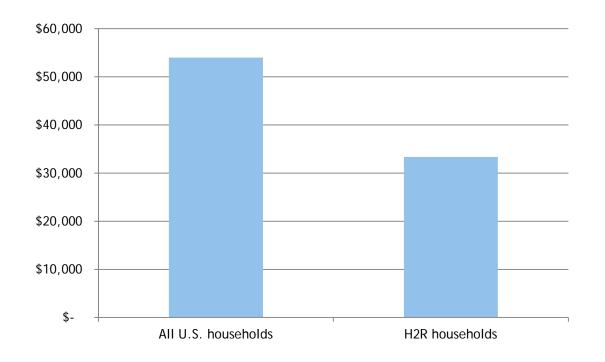


### Who are the hard-to-reach?

The lower your income, the more likely you are to pay for water and wastewater through rent or similar fee



The H2R have a median household income that is \$20,000 less than the national median, \$33,339 versus \$53,974



- 37% earn 150% or less of the federal poverty income (compared to 23% for all U.S. households).
- 22% receive SNAP benefits (compared to 13% of all U.S. households)
- The H2R are more likely to:
  - Have a disability
  - Speak English as a second language
  - Move more frequently

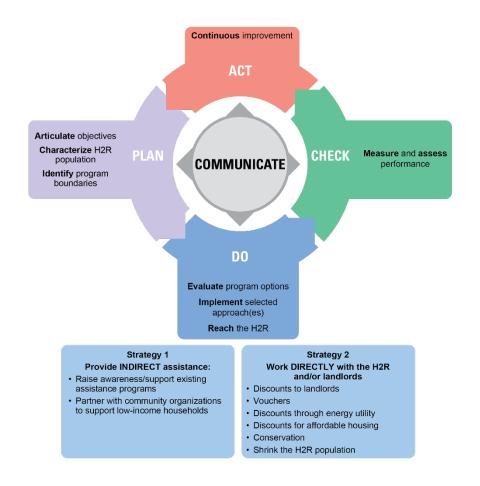
	Average annual water/ww costs	% of after tax income
All households	\$800	2.28%
Single-family homeowners	\$834	2.06%
Single-family renters	\$788	2.97%
Multi-family households	\$688	2.50%



Housing cost burden:

- All U.S. households: 32%
- H2R multi-family: 44%
- H2R SF renters: 38%

# How can we determine if and how to help the H2R?



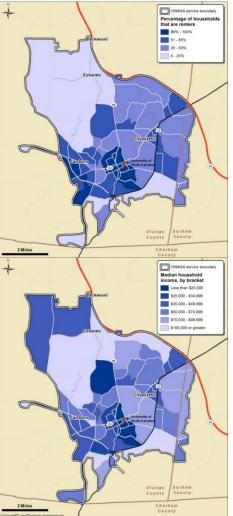
- 1. Why? Your primary objective for reaching the H2R.
- Who? Identifying and understanding characteristics of the H2R in your service area.
- 3. Constraints? Internal, community, and state regulations/policies that govern what you can and can't do.
- 4. What are the available options?
- 5. Help? Who and how are others in the community working with this population?

### Why assist H2R customers?

- Assist the low-income customers most in need
- Promote affordable housing and living conditions
- Promote equity across all low-income customers
- Build community loyalty, trust, and a favorable public image
- Prevent undesired downward spirals due to unexpected household challenges
- Establish a relationship and lines of communication with hard-to-reach populations

Water and wastewater costs are directly or indirectly (and eventually) passed on to H2R tenants. . . .

# Who are the hard-to-reach customers in our service area?



- Understand the "taxonomy" of H2R households
- Identify and understand the characteristics of your H2R population:
  - 1. Use easily accessible data from the U.S. Census ACS to obtain initial understanding
  - 2. Perform a more in-depth review using U.S. Census Public Use Microdata
  - 3. Pair utility billing data with other data sources to analyze H2R multi-family water use and neighborhood characteristics

### What are the available options?

- Work **DIRECTLY** with the H2R and their landlords
- Provide INDIRECT assistance

## How can we help?

Work **DIRECTLY** with the H2R and their landlords

- Discounts to landlords
- Vouchers
- Discounts through energy utility
- Discounts for affordable housing

# How can we help?

### Work **DIRECTLY** with the H2R and their landlords

### - Conservation

- Savings can be significant
- Partner with energy utilities
- Target housing units rather than households
- Shrink the H2R population
  - Sub-metering
  - Make single-family renters establish an account

## How can we help?

Provide INDIRECT assistance

- Raise awareness/support existing assistance programs (EITC, LIHEAP, SNAP, WRAP)
- Partner with community organizations to support low-income households

# Reaching the H2R - Partner with community organizations



- Team up with established, trusted institutions.
- Provide trusted
   messenger
- Uses H2R community members in outreach
- Provide consistent contact
- Work with landlords through trade organizations and other networks

### Implementation strategies and tools

Hard-to-Reach Toolkit Dashboard					
STEP 1 TOOL 1: IDENTIFY WORKING GROUP CONTRIBUTORS Provides a framework for ensuring all important participants are identified and included.	STEP 1 TOOL 2: IDENTIFY WORKING GROUP MEMBERS' MOTIVATIONS AND DESIRED OUTCOMES Helps you develop an understanding of why others are motivating you to engage in this process.	STEP 1 TOOL 3: EDUCATIONAL TOOLS: WHO ARE THE HARD-TO-REACH? and HOW CAN WE REACH THEM? Provides you with educational materials needed to build common understandings.			
STEP 2 TOOL 4: DEVELOP A H2R STRATEGIC ENGAGEMENT PROCESS Helps you sort through the myriad informational needs and mindfully develop a process for reaching program development objectives.	STEP 2 TOOL 5: ARTICULATING OBJECTIVES: EDUCATIONAL PACKET AND WORKSHEETS Provides educational materials and worksheets that increase your ability to identify your primary program objectives.	STEP 2 TOOL 6: A TECHNIQUE FOR DEVELOPING A SCREENING LEVEL CHARACTERIZATION OF H2R Increases your ability to develop a screening level analysis of the characteristics of the H2R customers.			
STEP 2 TOOL 7: REGULATORY AND RESOURCE CONSTRAINTS AND OPPORTUNITIES Supports your ability to identify regulatory and resource boundaries.	STEP 3 TOOL 8: DEVELOP AND APPLY PROGRAM SELECTION CRITERIA Provides you with strategies and examples of the development and application of program selection criteria.	STEP 4 TOOL 9: DEVELOP AND APPLY PROGRAM PERFORMANCE METRICS Provides strategies for reviewing and refining programs once implemented.			

## **Address the Primary Question**

"Do we need to provide financial assistance to low-income customers who do not receive a bill directly from our utility, and if so, what are the available options?"

### **Engagement Strategy Outline**

Step 1. Pre-PLAN: Initial Engagement Strategies

Step 2. PLAN: Program Selection Screening Strategies

Step 3. DO: Program Selection Strategies

Step 4. CHECK: Strategic Review

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#### **1. IDENTIFY WHO YOU ARE WORKING WITH**

#### STEP 1

TOOL 1: IDENTIFY WORKING GROUP CONTRIBUTORS

Click here for additional implementation strategies.

### Step 1 Tools Pre-Plan: Initial Engagement Strategies

### 2. IDENTIFY *WHY* THE UTILITY IS ENGAGING IN A CAP FOR THE H2R

#### STEP 1

TOOL 2: IDENTIFY WORKING GROUP MEMBERS' MOTIVATIONS AND DESIRED OUTCOMES

Click here for additional implementation strategies.

#### **3. CREATE A COMMON UDNERSTANDING**

#### STEP 1

TOOL 3: EDUCATIONAL TOOLS: WHO ARE THE HARD-TO-REACH? and HOW CAN WE REACH THEM?

Click here for additional implementation strategies.

TOOL 3: EDUCATIONAL TOOLS: WHO ARE THE HARD-TO-REACH? and HOW CAN WE REACH THEM?

Click here for additional implementation strategies.

### Tool 3: Two Parts

### Tool #3 provides two educational pieces:

- Tool 3A: A narrated PowerPoint presentation,
- Tool 3B: A summary of materials form the main report

#### TOOL 3: EDUCATIONAL TOOLS: WHO ARE THE HARD-TO-REACH? and HOW CAN WE REACH THEM?

Click here for additional implementation strategies.

#### Customer Assistance Programs for Multi-Family Residential and Other Hard-to-Reach Customers

Water Research Foundation Project #4557

TOOL 3: EDUCATIONAL TOOLS: WHO ARE THE HARD-TO-REACH? and HOW CAN WE REACH THEM?

Click here for additional implementation strategies.

### Who are the hard-to-reach?

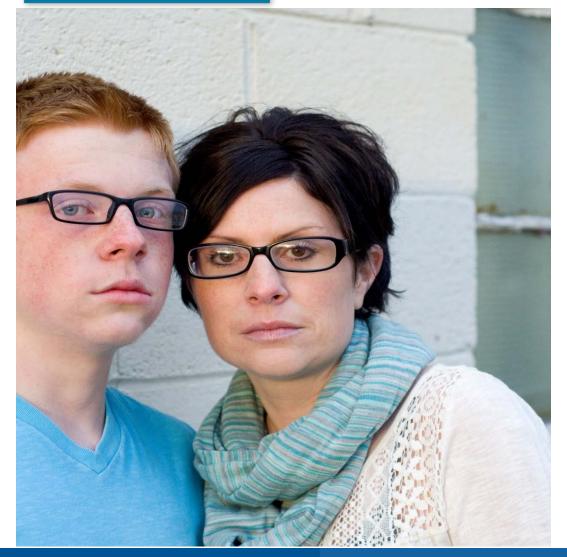
The H2R have lower incomes are more likely to have a disability, speak English as a second language, and have lower education levels than the general population of U.S. households.

They are 14% more likely to have moved in the last year.

#### TOOL 3: EDUCATIONAL TOOLS: WHO ARE THE HARD-TO-REACH? and HOW CAN WE REACH THEM?

Click here for additional implementation strategies.

### What do utilities need to know?



- 1. Your primary objective/reason for reaching them
- 2. The characteristics of the H2R in your customer service area
- Internal, community, and state regulations, rules, and policies that govern what you can and can't do
- 4. Who and how others in the community are working with these people

#### TOOL 3: EDUCATIONAL TOOLS: WHO ARE THE HARD-TO-REACH? and HOW CAN WE REACH THEM?

Click here for additional implementation strategies.

### How can we help?

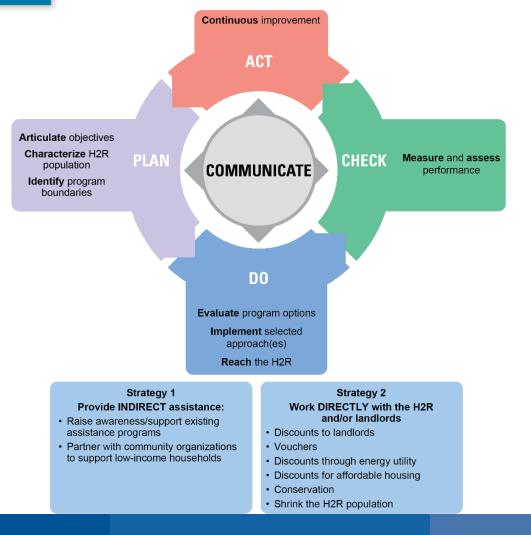
#### Provide INDIRECT assistance

- Raise awareness/support existing assistance programs
- Partner with community organizations to support low-income households

#### TOOL 3: EDUCATIONAL TOOLS: WHO ARE THE HARD-TO-REACH? and HOW CAN WE REACH THEM?

Click here for additional implementation strategies.

# How can we determine if and how we can help the H2R?



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### Step 2: Tools PLAN: Program Selection Screening Strategies

#### STEP 2

#### TOOL 4: DEVELOP A H2R STRATEGIC ENGAGEMENT PROCESS

Click here for additional implementation strategies.

#### STEP 2

TOOL 6: A TECHNIQUE FOR DEVELOPING A SCREENING LEVEL CHARACTERIZATION OF H2R

Click here for additional implementation strategies.

#### STEP 2

TOOL 5: ARTICULATING OBJECTIVES: EDUCATIONAL PACKET AND WORKSHEETS

Click here for additional implementation strategies.

#### STEP 2

TOOL 7: REGULATORY AND RESOURCE CONSTRAINTS AND OPPORTUNITIES

Click here for additional implementation strategies.

#### TOOL 4: DEVELOP A H2R STRATEGIC ENGAGEMENT PROCESS

Click here for additional implementation strategies.

The objective of Tool #4 is to make it easier for you to visualize all the steps you need to complete as part of a screening level assessment

#### TOOL 5: ARTICULATING OBJECTIVES: EDUCATIONAL PACKET AND WORKSHEETS

Click here for additional implementation strategies.

- Tool #5A: H2R Objective: Educational Packet
- Tool #5B: Turn Motivations and Outcomes into Potential Objective Statements and Criteria
- Tool #5C: Draft Potential Objective Criteria

TOOL 6: A TECHNIQUE FOR DEVELOPING A SCREENING LEVEL CHARACTERIZATION OF H2R

Click here for additional implementation strategies.

Tool #6 provides an overview of how to develop a screening level characterization of the H2R in your community.

#### TOOL 7: REGULATORY AND RESOURCE CONSTRAINTS AND OPPORTUNITIES

Click here for additional implementation strategies.

Tool #7 provides resources for identifying whether your state has regulations that preclude specific assistance approach, as well as a list of other types of rules, regulations, and policies to be aware of.

#### TOOL 8: DEVELOP AND APPLY PROGRAM SELECTION CRITERIA

Click here for additional implementation strategies.

# Step 3: Tool 8

	ADMINISTRATIVE BURDEN		TARGET EFFICIENCY/EQUITY			
	Utility	H2R Households	Reach Those in Need	Avoids Subsidizing Those Without Need	COST TO UTILITY	UTILITY IMAGE
Indirect: Support and raise awareness of federal programs	0		0	$\bigcirc$	\$ <sup>b</sup>	°
Indirect: Partnering with community-based organizations	$\bigcirc$		$\bigcirc$	0	<b>\$</b>	۵ ۵
Direct: Vouchers to H2R households		•	0	$\bigcirc$	\$\$\$	C c

- a. Providing effective enrollment support, such as by partnering with trusted community organizations, can increase awareness and reduce administrative burden for H2R households.
- b. Depends on level of utility interest and financial capability.
- c. Depends on profile the utility wishes to foster and effectiveness of PR efforts.
- d. May include utility funds going to support the community-based organizations' program.

#### TOOL 9: DEVELOP AND APPLY PROGRAM PERFORMANCE METRICS

Click here for additional implementation strategies.

# Step 4: Tool 9

Tool #9: Develop and apply program performance metrics					
Input from Tool #2					
Potential objective To improve public health throughout the community	Individual or organization Ex. State Health Department Ex. General Manger	Motivation Increase public health outcomes Ensure we meet our public health mission	Outcome Reduce number of water shutoffs to at-risk households Identify the needs of all <del>of</del> -our customers		
Input from Tool #5					
Draft wording To contribute to the City Council goal of reducing the trend in the increase in financial housing burden in	Potential metric Housing Burden	From Tool #6 The Housing Burden in 2016 in our census tracks is 0.5% larger this year than last.	Additional knowledge needs Other factors affecting housing burden Range of expected impact on housing burden from utility		
our community Insert rows as needed—don't forget internal and equity considerations!			program		
			2017 Water Desearch Foundation, ALL DICU		

#### STEP 1

TOOL 3: EDUCATIONAL TOOLS: WHO ARE THE HARD-TO-REACH? and HOW CAN WE REACH THEM?

Click here for additional implementation strategies.

## What is the bottom line?

- You probably have customers who do not receive a bill that have significant affordability challenges.
- If you don't already provide customer assistance to customers who receive a bill start there.
- Before you worry about what to do, understand who you are trying to assist.
- Partner with others who already have relationships with the hard-to-reach in your community



## Thank You

Comments or questions, please contact:

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For more information visit: <u>www.waterrf.org</u>

advancing the science of water



advancing the science of water

## Sangamithra lyer NYC DEP

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#### Affordability, Revenue Stability & Conservation: Reaching Households in Need in NYC

#### Sangamithra Iyer, P.E. New York City Department of Environmental Protection

advancing the science of water

### About NYC DEP



DEP is the largest combined water and wastewater utility in the United States, with 6,000 employees and an annual revenues of more than \$3.5 billion.

#### WATER SUPPLY

- Deliver 1.1 billion gallons of water to nine million New Yorkers every day and maintain 6,800 miles of water mains
- Protect over 2,000 square mile watershed, including 19 reservoirs and three controlled lakes

#### WASTEWATER TREATMENT

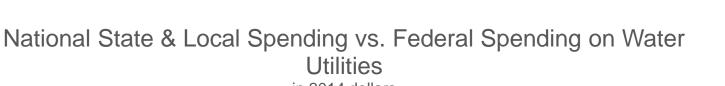
- Treat almost 1.3 billion gallons of wastewater each day
- Operate and maintain 14 treatment plants, 96 pumping stations, and over 7,500 miles of sewers

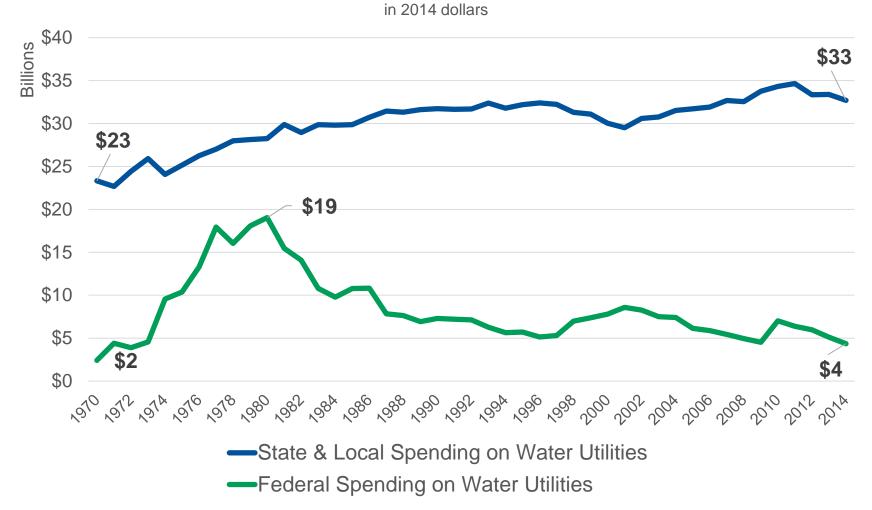




# **Pressures on Utilities and Customers**

#### Increasing State & Local, Declining Federal Spending

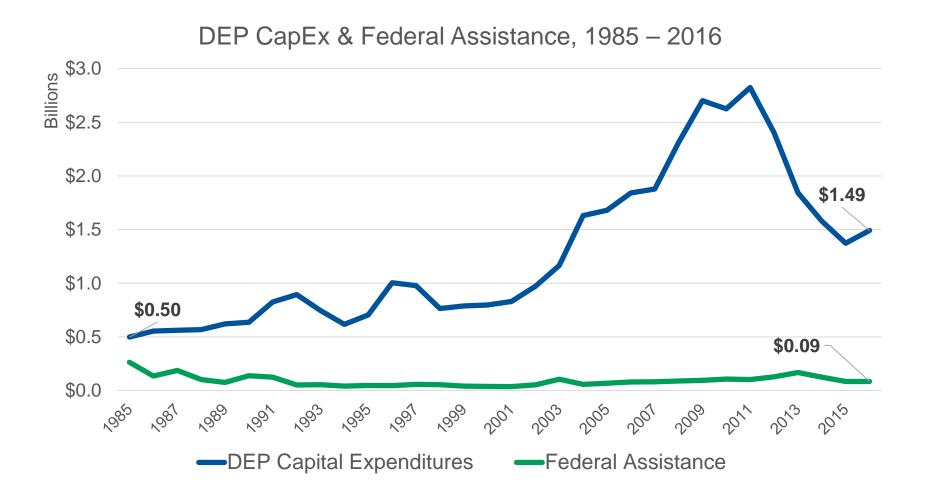




Source: CBO, Public Spending on Transportation and Water Infrastructure, 1956 to 2014

### **DEP CapEx and Federal Funding Assistance**

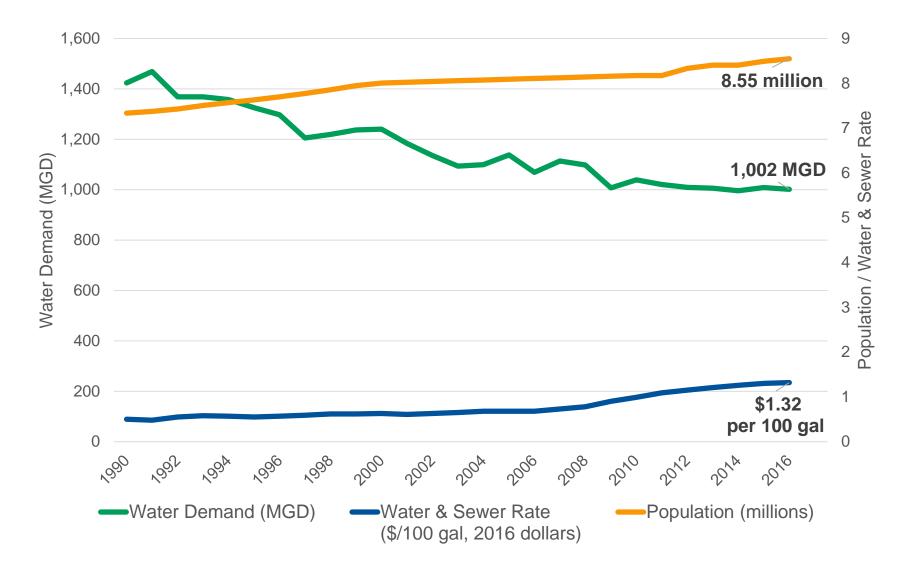




- In 1985, Federal assistance composed 52% of DEP CapEx
- In 2016, Federal assistance composed 6% of DEP CapEx

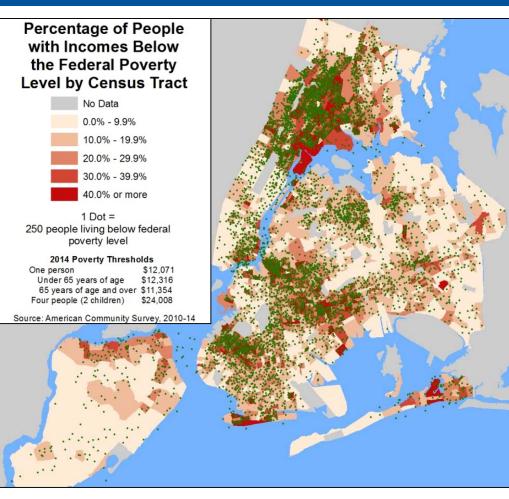
#### **Population / Demand/ Rates**





#### NYC Income Levels and Poverty Rates





	Median Household Income (MHI)	% of Residents Living Below Federal Poverty Level
United States	\$55,775	14.7
NYC	\$55,752	20.0
Bronx	\$35,176	30.4
Brooklyn	\$51,141	22.3
Manhattan	\$75,575	17.6
Queens	\$60,422	13.8
Staten Island	\$71,622	14.4

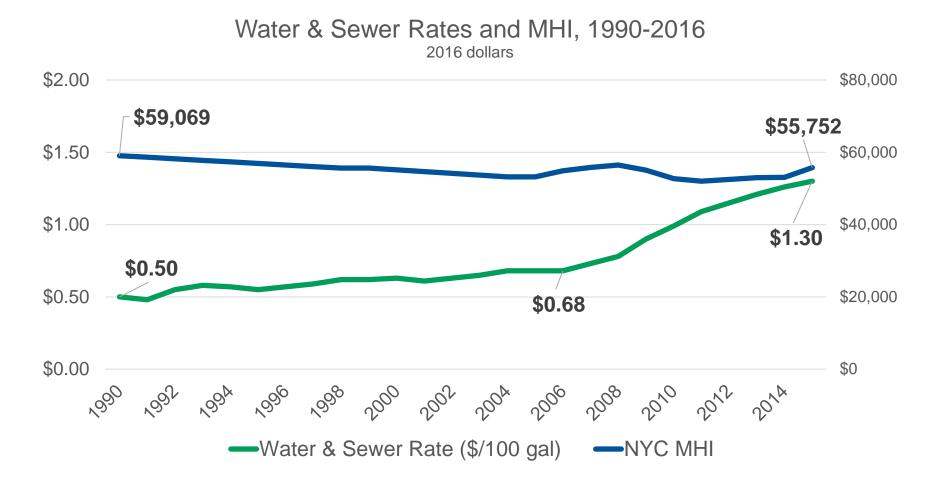
Source: U.S. Census Bureau 2015 ACS 1-Year Estimates.

- While NYC MHI is comparable to national average, cost of living and housing burden for NYC residents is generally much higher
- ~20% of NYC population (~1.7 million people) lives below the federal poverty level
- ~19% of elderly population lives in poverty

11

#### **Rising Rates – Stagnant Income**



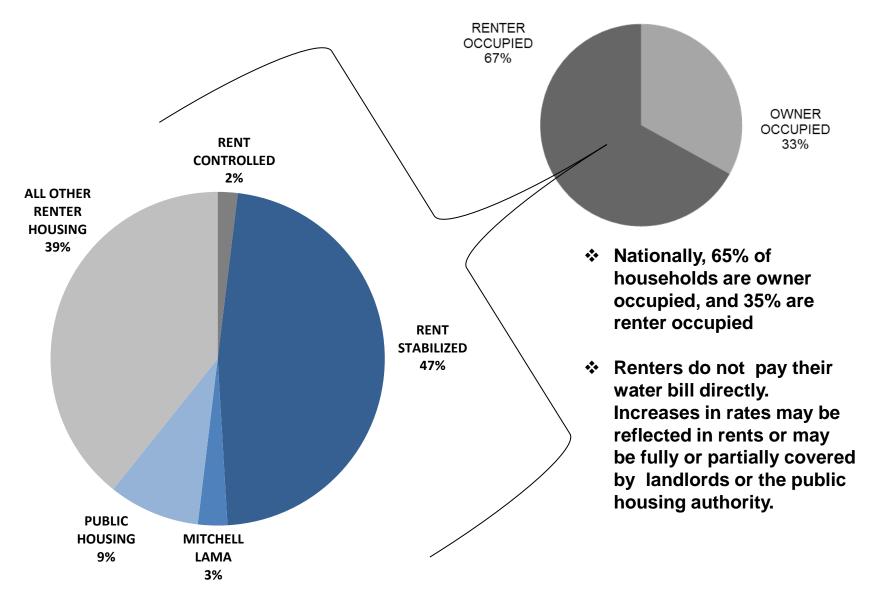


- NYC MHI declined by over \$3,300/year, adjusted for inflation
- Rates rose 160%, adjusted for inflation

# **Rates and Revenues**

## High Percentage of Renters in NYC







## **Typical NYC Charges**

Metered Customers, Rates per 100 Cubic Feet	FY 2016
Water	\$ 3.82
Wastewater	\$ 6.07
Combined	\$ 9.89

Typical Metered Charges, Average Annual Charges	FY 2016
Single Family (80,000 gallons per year)	\$ 1,058.16
Multi-family Unit (52,000 gallons per year)	\$ 687.80

Annual Multi-Family Conservation Program (MCP) Charges per Unit	FY 2016
Residential	\$ 1,007.46
Low-Use Commercial	\$ 829.42
Lodger/Single-room Occupancy (SR))	\$ 285.68



#### What is the Multiple-family Conservation Program (MCP)?

The MCP is a per-unit flat-rate billing program designed for buildings with four or more apartments that complete a set of water efficiency measures.

#### What are the conservation requirements ?

MCP requires participants to implement certain conservation measures in order to remain on annual flat rate billing.

- Properties must have installed water-saving toilets (1.6 gallon) and showerheads (2.5 gpm) in 70% of all units
- Properties must also have a meter installed.

#### How many accounts are on the MCP?

24,860 accounts

#### **NYCHA Public Housing**



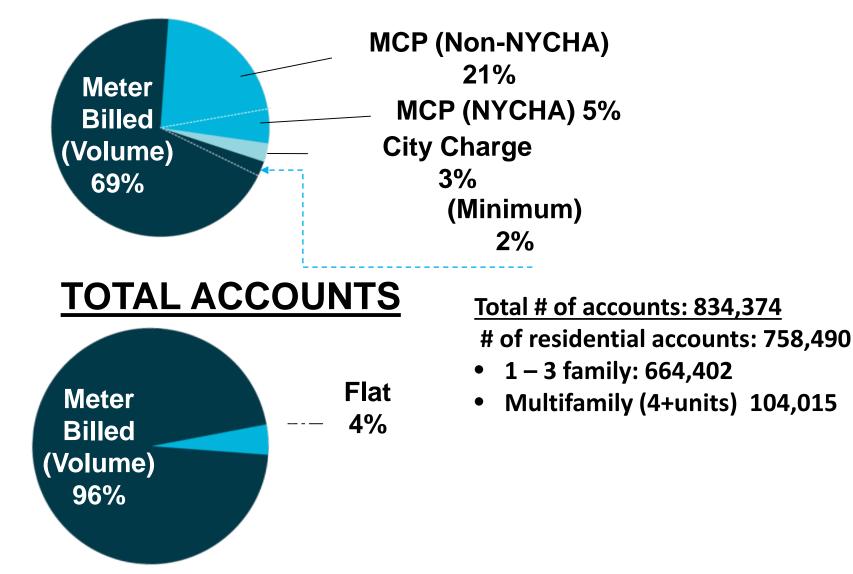
177,634 NYCHA Units

>90% of NYCHA accounts on the MCP rate

Total annual water and wastewater cost ~ \$188 million (5.6% of its operating budget) Existing Structure: Statistics by Customer Type



## **TOTAL REVENUE**



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## **Customer Assistance Programs**



#### NYC Home Water Assistance Program (HWAP)

- Annual bill credit given to recipients of the federally-administered Low Income Home Energy Assistance Program (HEAP) and NYC and NY State property tax exemption programs for Seniors and the Disabled
- Partner with Human Resources administration and Department of Finance

Recipient	Current Recipients	Credit of \$115.89
HEAP	11,600	\$1.37m
Disabled	3,300	\$0.39m
Seniors	36,800	\$4.35m
Total (FY 2016)	51,700	\$6.12m

#### **Multifamily Water Assistance Program**



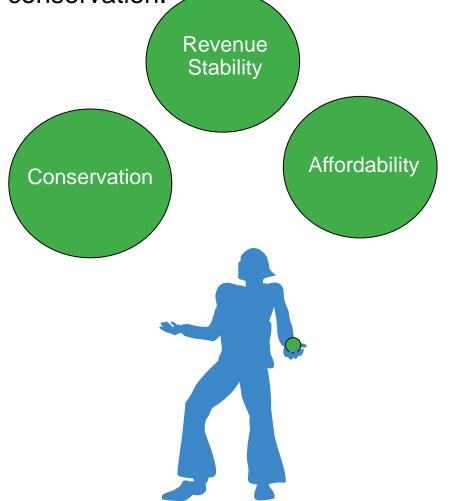
#### NYC Multi-family Water Assistance Program for Affordable Housing

- \$250 credit per unit for qualified projects with affordability agreements with NYC Housing Preservation and Development (HPD)
  - Up to 40,000 units to receive credit, providing \$10 million of assistance
  - All eligible properties will be billed on the Multifamily Conservation Program Rate (MCP) and comply with all conservation fixture requirements.

## Conclusions



 DEP has demonstrated an unwavering commitment to investing in environmental infrastructure, spending more than \$20 billion since 2002 and planning an additional \$21 billion in the next 10 years. We need to continue to balance the priorities of revenue stability, affordability and conservation.





Navigating Legal Pathways to Rate-Funded Customer Assistance Programs: A Guide for Water and Wastewater Utilities - 4671

Completion Year 2017 Research Value \$25,000.00 Research Manager Jonathan Cuppett Principal Investigator N/A

Contractor

Previous reports on the topic of affordability and customer assistance programs (CAPs) for water and wastewater customers have focused more on examples of existing programs without a deep analysis of the enabling legal framework that made the program possible. This project highlights how the legal framework in states across the country has shaped and made many of these programs successful, or how the legal framework has in some cases severely limited the design and implementation of programs. Examples from all 50 U.S. states, as well as Puerto Rico and the District of Columbia, are included. This project focuses on how CAPs can be financed by the utility. Specifically, the emphasis is on the ability to finance CAPs directly from rate revenues.

The project produced a final report, posted below. The report includes several case studies. In addition, the project produced an interactive map, which is posted on the **University of North Carolina Environmental Finance Center's website**.

This project was funded by the Water Research Foundation, Association of Metropolitan Water Agencies, American Water Works Association, National Association of Clean Water Agencies, National Association of Water Companies, Water Environment & Reuse Foundation, and Water Environment Federation. Published in 2017.

Report N	ame	Report #	Available	Order Report	Download PDF	Executive Summary
	Navigating Legal Pathways to Rate-Funded Customer Assistance Programs: A Guide for Water and Wastewater Utilities	4671 7/12/2017		PDF		





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