

Consolidated Management of Nitrate Treatment: Implementation, Demonstration, and Affordability Assessment

Funding and Policy Options
Literature Review
2nd Workshop
October 17th 2018

California Drinking Water Models

From Water Rates: Water Affordability

- Pacific Institute in partnership with Community Water Center

| Water Supplier | Program | Benefit | Amount of Discount (assuming an average monthly bill) | Eligibility | Funding Source |
|---------------------------------------|---|---|---|--|---|
| CalWater | Low Income Rate Assistance (LIRA) Program | 50% Discount up to \$12 on monthly service charge | \$7.02/month | Same as California Alternative Rates for Energy (CARE) program | CPUC-approved flat rate surcharge on residential customers. This ranges from \$0.24 - \$0.41/month depending on the district. |
| San Jose Water Company | Water Rate Assistance Program (WRAP) | 15% Discount on total water bill | \$8.27/month | Same as CARE program | CPUC-approved surcharge on residential customers of \$0.20/month. |
| City of Napa | RateShare Discount | \$4.75/bimonthly Discount | \$2.38/month | Same as CARE program | Funds come specifically from leasing cell phone tower space on the City's water tank property sites. |
| City of Sacramento | Salvation Army Family Services | Up to \$100 | (one-time assistance) | Income requirements | Salvation Army is an independent charity organization that has its own budget. |
| East Bay MUD | Customer Assistance Program (CAP) | 50% Discount on service and commodity charges | \$27.73/month | Same as CARE program | This discount is not financed; it is a Board-approved lower rate. |
| San Francisco Water, Power, and Sewer | Community Assistance Program (CAP) | 15% Discount on water bill | \$10.90/month | Same as CARE program | Funded through: Tax-deductible donations and unused credits from customers who overpay on their water bill. |

<http://pacinst.org/wp-content/uploads/2013/01/water-rates-affordability.pdf>

Gas and Electric Models

| Program | Utility | Benefit | Eligibility (assuming a family of 4) | Funding Source | Participation Rate |
|---------|-------------|--------------|--|---------------------|---------------------|
| CARE | Electricity | 20% Discount | Total annual household income below \$46,100 | Public Goods Charge | 60.55% ¹ |
| CARE | Gas | 20% Discount | Total annual household income below \$46,100 | Public Goods Charge | 35.4% ² |

1 This figure does not include the Sierra Pacific Power Company as it was derived from only the annual reports made available through the Low-Income Oversight Board – an advisory board to the California Public Utilities Commission.

2 This figure does not include Alpine Natural Gas or West Coast Gas Company for the same reason.

Water Rates: Water Affordability

- Pacific Institute in partnership with Community Water Center
- <http://pacinst.org/wp-content/uploads/2013/01/water-rates-affordability.pdf>

California Models

| Pros | Cons |
|---|--|
| <ul style="list-style-type: none">• Does help some low income customers | <ul style="list-style-type: none">• Does not account for cost of living differences• Can't be done in systems with a high poverty rate• Programs are different |

Other Examples

- Atlanta, GA
 - Low income senior citizen discount
 - Low income family assistance (can be used once every 24 months)
 - Free plumbing assistance
- Orange Water and Sewer Authority (Chapel Hill, NC)
 - Partners with inter-faith council through a donation program
 - Pays water and sewer bills for those in need

<http://efc.web.unc.edu/2015/10/28/customer-assistance-programs/>

Other Examples

- Detroit, MI
 - Water Access Volunteer Effort, non-profit
 - Pays off water bills for low-income residents that have been shut-off, or are close
 - Can be used once per year (up to \$500)
 - Funded by donations

<http://efc.web.unc.edu/2015/10/28/customer-assistance-programs/>

UCLA Study

| Designation | % of State Households |
|---------------------------------|------------------------------|
| Below Federal Poverty Line | 14% |
| Below 150% Federal Poverty Line | 24% |
| Below 200% Federal Poverty Line | 34% |

- 200% of the Federal Poverty Line for a 4-person household is currently \$48,600

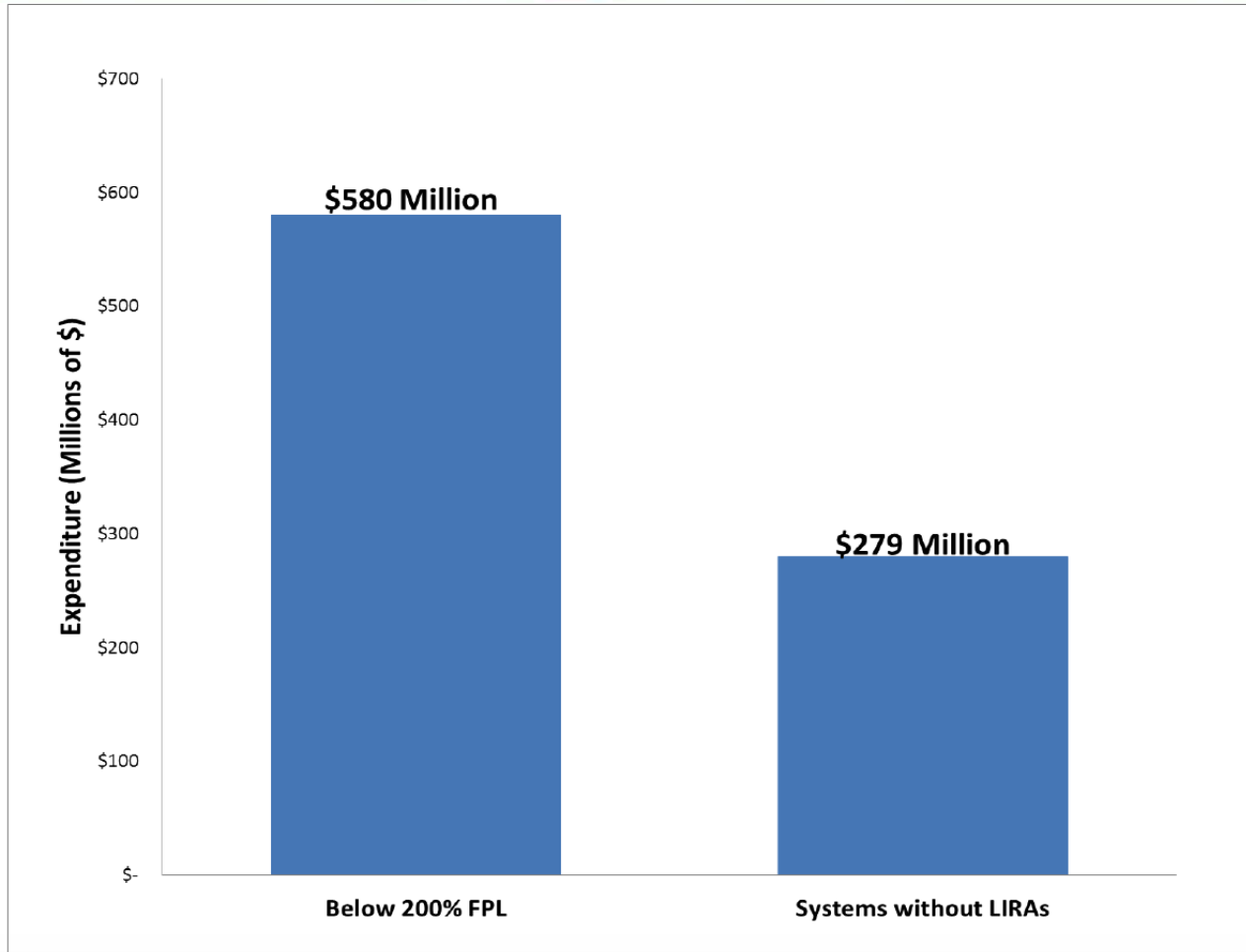
https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/ucla_presentation020817.pdf

UCLA Project Policy Options

- All state households below 200% of the Federal Poverty Line (FPL) receive the benefit
 - 34% of households qualify
 - 20% of bill (up to a limit)
- All state households below 200% of FPL who are served by water systems not currently offering a LIRA program
- Non-subsidy options, such as water efficiency programs

https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/ucla_presentation020817.pdf

UCLA Study



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UCLA Study

Public expenditure for other LIRA programs (2015)

| Programs | Expenditures |
|--|-----------------|
| California Alternate Rates for Energy | \$1,300 Million |
| Energy Savings Assistance Program | \$400 Million |
| Low-Income Home Energy Assistance Program | \$173 Million |
| Universal Service Program (Telecommunications) | \$723 Million |

https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/ucla_presentation020817.pdf

Summary

- Customer Assistance Programs
 - Currently implemented water models
 - Other utility sectors
 - Community organizations
 - Non-subsidy options
 - Investor owned versus public systems
- Limitations/Constraints
 - Prop 218 Inability to cross-subsidize through revenues
 - Small disadvantaged systems lack funding sources
 - Regional differences in cost of living
 - Reaching the “hard-to-reach” (e.g., renters)

Drinking Water Policy Options

- 2018 legislative session (postponed)
 - Voluntary fund
- Use general fund money for subsidies
- Use bond money for O&M
 - Have 20 year O&M account with the initial grant (similar to homeless service provider grants)

Points for Discussion

- Should the difference in cost of living be accounted for?
- Some options only subsidize DAC and SDAC communities, but not low income people in non-DAC systems. Is that a concern?
- Can we improve reach to customers in multi-family housing?

Points for Discussion

- Is a 20% subsidy enough?
- Availability of one time emergency assistance?
- For the average customer this is a subsidy of \$96/year. Are there other programs that might achieve this more simply?

<https://www.americanprogress.org/issues/poverty/news/2014/09/17/97287/the-top-10-solutions-to-cut-poverty-and-grow-the-middle-class/>

Non-Water Policy Options

- Raise minimum wage (\$25/hour) in some areas
 - An increase of \$1/hour is about \$2,000 a year more for a full time worker
- Modify Proposition 13 (possible 2020 ballot initiative)
 - Higher end property exclusion
 - Modify Prop 13 for commercial and industrial
 - Exemption for less than 50 employees
- Build more affordable and high density housing
 - 350,000 homes/year needed
 - 85,000 homes/year (actual over the last 7 years)
 - <https://www.mckinsey.com/featured-insights/urbanization/closing-californias-housing-gap>

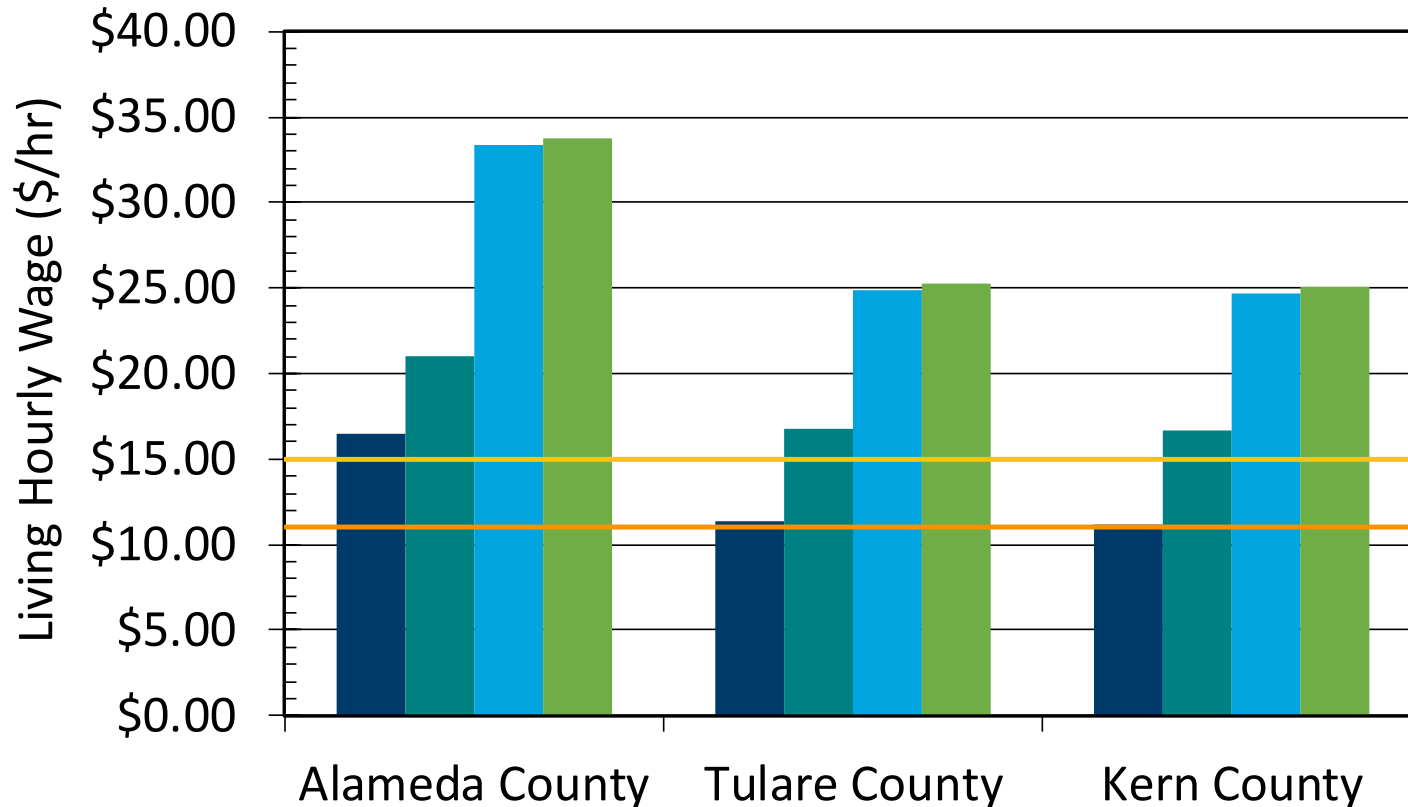
Living Wage Calculator

| Living Hourly Wage | Alameda County | Tulare County | Kern County |
|------------------------------------|----------------|---------------|-------------|
| 1 Adult | \$16.48 | \$11.40 | \$11.14 |
| 1 Adult, 1 Child | \$33.37 | \$24.83 | \$24.64 |
| 2 Adults (1 Working) 2 Children | \$33.78 | \$25.23 | \$25.04 |
| 2 Adults, 2 Children | \$21.02 | \$16.74 | \$16.65 |

<http://livingwage.mit.edu/>

Living Wage Calculator

- 1 Adult
- 1 Adult, 1 Child
- Future Minimum Wage
- 2 Adults, 2 Children
- 2 Adults (1 Working), 2 Children
- Minimum Wage



<http://livingwage.mit.edu/>

Living Wage Calculator

Living Wage Basis - Typical Expenses

Alameda County

| Annual Expenses | 1 Adult | 1 Adult 1 Child | 1 Adult 2 Children |
|-------------------------------------|----------|--------------------|-----------------------|
| Food | \$3,564 | \$5,245 | \$7,893 |
| Child Care | \$0 | \$8,260 | \$13,911 |
| Medical | \$2,150 | \$6,828 | \$6,547 |
| Housing | \$17,220 | \$26,076 | \$26,076 |
| Transportation | \$3,860 | \$7,975 | \$8,373 |
| Other | \$2,803 | \$4,533 | \$4,999 |
| Required annual income after taxes | \$29,597 | \$58,917 | \$67,799 |
| Annual taxes | \$4,672 | \$10,501 | \$12,572 |
| Required annual income before taxes | \$34,269 | \$69,418 | \$80,370 |

Tulare County

| Annual Expenses | 1 Adult | 1 Adult 1 Child | 1 Adult 2 Children |
|-------------------------------------|----------|--------------------|-----------------------|
| Food | \$3,564 | \$5,245 | \$7,893 |
| Child Care | \$0 | \$8,260 | \$13,911 |
| Medical | \$2,150 | \$6,828 | \$6,547 |
| Housing | \$7,956 | \$10,476 | \$10,476 |
| Transportation | \$3,860 | \$7,975 | \$8,373 |
| Other | \$2,803 | \$4,533 | \$4,999 |
| Required annual income after taxes | \$20,333 | \$43,317 | \$52,199 |
| Annual taxes | \$3,380 | \$8,325 | \$10,395 |
| Required annual income before taxes | \$23,713 | \$51,641 | \$62,594 |

Kern County

| Annual Expenses | 1 Adult | 1 Adult 1 Child | 1 Adult 2 Children |
|-------------------------------------|----------|--------------------|-----------------------|
| Food | \$3,564 | \$5,245 | \$7,893 |
| Child Care | \$0 | \$8,260 | \$13,911 |
| Medical | \$2,150 | \$6,828 | \$6,547 |
| Housing | \$7,476 | \$10,128 | \$10,128 |
| Transportation | \$3,860 | \$7,975 | \$8,373 |
| Other | \$2,803 | \$4,533 | \$4,999 |
| Required annual income after taxes | \$19,853 | \$42,969 | \$51,851 |
| Annual taxes | \$3,313 | \$8,276 | \$10,347 |
| Required annual income before taxes | \$23,166 | \$51,245 | \$62,197 |

<http://livingwage.mit.edu/>

Who Pays?

- Taxpayer versus Ratepayer
- Factors to consider
 - Administrative complexity
 - Equity/Fairness
 - Legal and policy considerations
- Other...