



CALAVERAS COUNTY WATER DISTRICT

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Transmitted via email to: commentletters@waterboards.ca.gov

January 30, 2019

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-2000

Re: Comment Letter – Options for Implementation of a Statewide Low-Income Water Rate Assistance Program

Dear Ms. Townsend,

The Calaveras County Water District appreciates the opportunity to provide comments on the draft report, "Options for Implementation of a Statewide Low-Income Water Rate Assistance Program" (Report), which was a requirement of AB 401 (Dodd), passed in 2015.

CCWD provides potable water service to about 21,000 people across Calaveras County for human consumption and fire flow protection and wastewater service to about 10,000 people. Calaveras County is located in the heart of the Sierra Nevada between Lake Tahoe and Yosemite National Park, spanning more than 1,000 square miles of three watersheds, including the upper reaches of the Mokelumne, Calaveras and Stanislaus Rivers.

Please see the attached for CCWD's comments on the Report. If you have questions, please contact CCWD Manager of External Affairs, Joel Metzger, at joelm@ccwd.org or (209) 754-3123.

Sincerely,

CALAVERAS COUNTY WATER DISTRICT

A handwritten signature in blue ink, appearing to read "Jeffrey Meyer", written over a horizontal line.

Jeffrey Meyer, Interim General Manager

Attachment: CCWD comments on the draft "Options for Implementation of a Statewide Low-Income Water Rate Assistance Program"

Ecc: The Honorable Felicia Marcus, Chair, SWRCB
Honorable Members, SWRCB
Ms. Eileen Sobeck, Executive Director, SWRCB
Mr. Eric Oppenheimer, Chief Deputy Director, SWRCB

Calaveras County Water District

AB 401 (Dodd)

Comments on the draft “Options for Implementation of a Statewide Low-Income Water Rate Assistance Program”

Introduction

The Calaveras County Water District is grateful for the opportunity to review the draft report: *“Options for Implementation of a Statewide Low-Income Water Rate Assistance Program”*.

For years the District’s Board has recognized the importance of the need to replace aging infrastructure, implement improvements to meet regulatory mandates and support rising operational costs, which resulted in rate increases in 2013, 2014, 2018-2022. Since 2012, CCWD’s water customers’ base rates have increased from \$40/month to \$56/month. The average customer pays \$6.50/month in consumptive charges for 600 CCF, bringing their total monthly bill to \$62.50. These costs will continue to rise over the next four years of approved incremental rate increases.

While rate increases are vital to water purveyors’ ability to repair and replace critical infrastructure and keep pace with increases in operational expenses, the District understands first-hand that millions of Californians living in low-income households may struggle to pay for utility services, along with their other financial responsibilities. In December 2015, the statewide unemployment rate was 5.7 percent; while Calaveras County had a 6.3 percent unemployment rate, with many rural communities experiencing a much higher unemployment rate, some as high as 10 percent. The boom and bust cycle of mining, timber harvesting, and tourism has left many rural communities in Calaveras County perennially disadvantaged with median household income (MHI) well below the state threshold. CCWD serves many of these communities, including West Point and significant portions of the Highway 4 corridor. The 2010-2014 American Community Survey estimates that the MHI for West Point is \$28,262 and that the MHI for Avery, an area in the Highway 4 corridor, is \$31,719, which is 46% and 52% respectively of the statewide median household income of \$61,489.

Throughout CCWD’s six water service areas, there are many low-income residents, and they have clearly expressed the hardships the District’s water bills create for them and their families. It is difficult to hear customers describe making choices between paying their water bill or buying food, medication or paying their rent.

It should also be noted that, while creating a Water – Low Income Rate Assistance program (W-LIRA) is an important step to helping low-income residents, wastewater services are often more expensive and more burdensome to low-income populations. As the Report states, no state or federal programs provide affordability assistance directly to households for drinking water services, and this applies to wastewater services.

CCWD's Customer Assistance Program

Based on feedback from low-income ratepayers, the District's Board created a Customer Assistance Program (CAP) for both water and sewer customers. As noted in the Report, many special districts are unable to offer CAPs, due to Proposition 2018 limitations. However, the CCWD Board voted to fund the program by reallocating \$60,000 of property tax revenue from its Special Project Fund. This funding allocation will need annual Board approval and is subject to change based on the Board's wishes.

The CAP launched on January 2, 2019, and was limited to 200 water customers and 200 sewer customers. The Board limited the program participant numbers, as the District cannot currently afford to provide assistance to all qualifying households. The program is designed to provide financial credits to customers whose incomes are at or below 200% of the federal poverty, and the primary income verification is proof of participation in PG&E's CARE Program. The District Board hopes to see a reduction in service shut-offs due to nonpayment as a result of the CAP.

Once applicants are approved for the CAP, they receive the following credits:

- Water only customers: \$20 per bimonthly billing period
- Sewer only customers: \$30 per bimonthly billing period
- Water & sewer customers: \$50 per bimonthly billing period

In order to remain on the program, participants are required to reapply for the program annually starting in 2020. The 200 water CAP openings were filled within two weeks of the program launch date.

If State Board staff are interested in learning more about CCWD's Customer Assistance Program, they can visit <https://ccwd.org/ccwd-board-approves-customer-assistance-program/> or contact CCWD using the contact information at the conclusion of these comments.

Comments on Draft Report: "Options for Implementation of a Statewide Low-Income Water Rate Assistance Program"

Existing LIRA Programs

On page 6, the Report states "Because developing a comprehensive low-income rate assistance program at the system level is not practical, the Board envisions a statewide program, with benefits distributed through other existing assistance program, such as utility bill credits, tax credits, or direct cash benefits."

While in some cases, such as special districts without non-rate revenues, this may be the case. However, CCWD disagrees as this statement is clearly not true for all water providers. The State Board should consider allowing water purveyors that already have W-LIRAs in place to continue with their programs without being mandated to conform to a one-size-fits all, statewide program.

If funding for all eligible customers isn't feasible, existing W-LIRA programs could be augmented by funds from the State. Purveyors that already have programs in place should be recognized and applauded for their efforts, not unfairly encumbered with additional requirements as a result of the potential regulatory actions to come out of this report to the legislature.

Eligibility

The District is open to using 200% of the federal poverty level (FPL) as an eligibility requirement for the statewide W-LIRA. However, due to the staggering projected program cost of more than \$600 million annually, it may be prudent to consider 150% of the FPL when the program launches.

The District used 200% of the FPL for its Customer Assistance Program, and the local Resource Connection Food Bank has indicated 200% FPL is an appropriate threshold for assistance program eligibility. However, in order to control costs, the District limited the number of customers who could sign up for the program – this cost-control measure is not considered in the Report, but perhaps it should be.

Potential Program Benefit Levels

The Report suggests offering three percentage reductions to water bills (20%, 35% and 50%) that are directly tied to water usage. When reviewing the Human Right to Water, CCWD does not believe these tiers should be tied to total household water use. Instead, the State Board should focus on the true intent of Assembly Bill 685 (2012), which established the "Human Right to Water" in California Water Code. Water code Section 106.3 states as follows: "It is hereby declared to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for **human consumption, cooking, and sanitary purposes** (*emphasis added*)".

It is relatively clear that the intent was specific to essential uses, and nothing more. The District does not believe low-income residents who use more water should be rewarded with a larger percentage discount on their bills. This is contrary to the goals of "Making Water Conservation a California Way of Life."

Funding Source

On page 15, the Report suggests funding the statewide W-LIRA should not be delegated to all 3,000 individual water purveyors, as this would create inequities in the cost burdens for various agencies. CCWD agrees with this conclusion. If CCWD were required to fund a W-LIRA for all qualifying customers, based on a 200% FPL, it would not be financially sustainable, due to high poverty levels in the County.

However, CCWD recommends the State Board consider funding sources other than the progressive personal income tax and bottled water sales tax suggested in the Report. In the District's view, water affordability is a state social issue and should be addressed as such.

With regard to the proposed bottled water tax, CCWD does not believe this is a prudent approach. The State emphasizes the need for safe and affordable drinking water on Page 7 of the Report. Hundreds of thousands of Californians – many of whom are low income – who do not have access to safe drinking water from their local water purveyor, are buying bottled water continuously to meet their daily needs. While this population would not bear the entire tax burden, the idea of taxing bottled water and increasing the cost burden on poverty-stricken residents without access to safe drinking water seems misguided at best.

On Page 23 of the Report, the Board solicits suggestions for sustainable revenue sources for the W-LIRA Program. The most appropriate funding source for a state social issues is the state's General Fund, which is based in part on income tax which is a progressive tax (i.e., people with higher incomes pay more and people with lower incomes pay less). CCWD suggest the State Board recommend to the Legislature that the General Fund be used to fund the W-LIRA program.

W-LIRA Program Distribution of Funds

First and foremost, the District strongly believes that the State Board should NOT create a new agency or department to collect and distribute W-LIRA program revenues. We suggest utilizing existing agencies and programs to perform these responsibilities.

Of all the fund distribution options listed in the Report, CCWD believes using CalFresh is the best choice. This is because CalFresh has been around for a long time and has a proven track record of providing assistance to low-income families that can be used to purchase life essentials. It also makes sense to choose a program that already has an eligibility requirement of 200 percent of the FPL. Additionally, CalFresh uses electronic benefit transfer (EBT) cards, which would allow the W-LIRA benefits to be extended to residents who may not pay water bills directly. CCWD has a large number of renters in its service areas, and providing them with information has been challenging, so a comprehensive public outreach campaign at the statewide and local level would be necessary for this method of fund distribution to be successful. With regard to the State Board's concern about CalFresh not being available to people without permanent residency status, CCWD recommends using the California Food Assistance Program to serve those populations.

The District is also open to the idea of W-LIRA credits being applied to electric or gas bills, especially in light of the table on Page 26 of the Report stating that only 5% of California households do not pay for an electricity bill. However, this would place a large burden on non-water utilities, which may not be equitable.

The District strongly advocates against the idea of water purveyors distributing W-LIRA program benefits via water bills. While the District has been able to implement its recently-adopted Customer Assistance Program, it is limited in scope and cost. Requiring all 3,000 water purveyors in the State to distribute W-LIRA program benefits to all eligible customers (based on the criteria listed in the Report) would not be feasible. CCWD's current staffing levels are not adequate to

support this effort and there are no additional funds to pay for additional staff, program implementation and billing system modifications. Additionally, the District would not be able to provide program benefits to tenants who are not considered to be CCWD's direct customers and many of whom do not pay water bills.

Conclusion

The District is grateful to the State Board for preparing this detailed draft Report. CCWD is hopeful the comments contained in this letter will be carefully considered by State Board staff and integrated into the final report to the State Legislature.

If you have questions, please contact CCWD Manager of External Affairs, Joel Metzger, at joelm@ccwd.org or (209) 754-3123.