

Low-Income Water Rate Assistance Program Summary of Input Received at Public Meetings, Fall 2016

The *Low-Income Water Rate Assistance Act* established through [Assembly Bill 401 \(Dodd, 2015\)](#) directs the State Water Resources Control Board (State Water Board) to prepare a plan, in collaboration with the State Board of Equalization, that covers funding and implementation of a Low-Income Water Rate Assistance Program. This Plan is due by January 1, 2018. Additionally, AB 401 directs the State Water Board to report to the Legislature by February 1, 2018 on its findings regarding the feasibility, financial stability, and desired structure of the program, including any recommendations for legislative action.

As part of this effort, State Water Resources Control Board (State Water Board) staff held a series of public meetings seeking recommendations on how to make drinking water affordable for low-income Californians. During fall of 2016 meetings occurred in Fresno, Redding, Inglewood, Oakland and Bakersfield, on October 12, 19, 26 and November 7 and 9, respectively. Also, a conference call was held on November 16 for those unable to attend the public meetings. There were approximately 200 participants in these meetings. In the public notice for the workshops, State Water Board staff asked participants to consider a set of questions as topics of discussion for the meetings. Input received at the workshops is organized by the set of questions.

Additionally, the [public notice](#) for these meetings provided instructions for submitting comments.

- Comments are on this webpage:
www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/ab401_public_comments.shtml.
- General information on the program is at this webpage:
http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/

Below is a summary of input provided at these meetings. The Water Board does not endorse the input received. The Water Board will use these and other input to inform the process for establishing a low-income rate assistance program.

Section 1: Nature of the assistance that could be offered by the program

The basic goal of the program is for all Californians to have access to safe, reliable, and affordable drinking water. As a statewide program with potentially thousands of enrollees, the Water Board strives to minimize administration and associated costs, while reaching this goal. This program complements and supports California's [Human Right to Water](#) law.

Q: Who can receive assistance? What is a reasonable amount of assistance to low-income households? Researchers from the University of California Los Angeles (UCLA) under contract to the State Water Board have been reviewing other types of assistance programs to determine eligibility criteria and assistance levels. AB 401 directs the State Water Board to use 200% of the Federal Poverty Level as a threshold for program eligibility.

Q: What programs already exist that assist low-income residents? Public meeting participants mentioned these programs:

- **Low Income Home Energy Assistance Program (LIHEAP):** The California Department of Community Services and Development (CSD) LIHEAP provides financial assistance to low-income households to manage and meet immediate home heating and/or cooling needs and provides services to improve a household's energy efficiency helping to reduce energy usage and costs. LIHEAP has an established method for distributing funds through counties. The CSD contracts with community agencies to implement the program. Some LIHEAP funds are already used for water conservation. Consider looking at this CSD program in-depth.
- **California Alternate Rates for Energy (CARE) Program:** Through a household's utility company, low-income customers can enroll in the CARE program to receive a 30-35 percent discount on electric and natural gas bills.
- **Energy Savings Assistance Program (ESAP):** The ESAP provides no cost weatherization services to eligible low-income households.
- **California LifeLine Program:** The California LifeLine Program provides discounted home phone and cell phone services to qualified households with incomes at or below 150 percent of the poverty level.
- **Water-saving appliances:** Subsidies or rebates lower the cost of purchasing water-saving appliances. It was noted that these types of program may not work well for low-income households. Another option is on-bill financing to make water efficient appliance more affordable.
- **Rebate programs for turf replacement and new toilets:** The Department of Water Resources manages these programs. Payments go directly to homeowners meeting certain criteria.
- **Retail water suppliers' programs:** Some water suppliers already have assistance programs, meeting participants provided the following:
 - **Long Beach Water Department** that offers assistance to low income seniors and low income disabled (currently under evaluation by supplier)
 - **Golden State's** flat rebate is designed to subsidize 15 percent (pending 20 percent) of an average low income household bill. The current average is \$9.80/month.
 - **City of Redding** has a low-income rate assistance program for electricity.
 - **City/Co of San Francisco** has a direct assistance program. Perform water audits, offer appliance upgrades and replacements. The City has a high percent of renters and low water usage as a whole.
 - **East Bay Municipal Utility District**
 - Customers assistance program- pays a portion of the bill for the fixed and volumetric 50% discount and 35% for waste water
 - Provides assistance for water efficiency. Limits are updated annually and based on HUD 50% by county
 - 6000 customers who are participating. Limited by prop 218
 - Payment extension and payment plans. Some customers have the ability to pay bills over a longer period of time

- Multifamily lien programs. Place lien on the other properties on the delinquent homes so as to not cut off water to the main home that has the water hookup. Work directly with landlord to provide assistance for water
 - **Human Response Network:** This NGO in Weaverville is dedicated to protecting each person's right to live in safety with dignity. The agency grew out of a grassroots movement to provide support to women and children who were victims of domestic violence, abuse, or sexual assault. Established in 1980 by women determined to provide needed resources to Trinity County families, the Human Response Network has grown to a large staff of professionals and volunteers, expanding its role to include a wide range of resources, as well as children, family, and victim services.”
 - At least one municipal water system gives each household a water budget wherein if a household exceeds the budget, they have to pay a fine.
 - Some existing assistance programs are scheduled to end and when this occurs, water bills will be about \$200 per month. Consider extending current programs so water bills don't increase.
 - Use the drought surcharge structure as a model for the assistance program.
- **Water Leaks:** Addressed through SB 555, which includes financial assistance.
- **Sustainable Groundwater Management Act (SGMA):** Consider having ties to the SGMA program as it is implemented.
- **Partner with existing programs:** Consider establishing partnerships and/or sharing data with energy department and local agencies.
- **Federal Energy Regulatory Commission:** FERC benefit would allow subsidized distribution of water.

Q: What type of needs will be covered? Participants mentioned the topics below for Water Board consideration:

- **Drinking water:** The Low-income Water Rate Assistance Act (AB401) is focused on drinking water rather than other types of water.
- **Urban and rural areas:** Affordability is an issue in rural and urban areas. Even within wealthy cities, water is not affordable for all households.
- **Waste water:** Consider assistance for waste water if it added a minimal expense and made rest of the program function better.
- **Water treatment:** Consider that if low cost water is treated to satisfactory levels, current affordable water bills may become unaffordable. Some water is affordable for lack of proper treatment.
- **Landscaping:** Consider making funds available to re-landscape and mulch landscapes when they have become bare dirt in response to water conserving practices. Assist in providing mulch to homeowners. Schools need play areas so allowances should be made so schools can irrigate ball fields. Department of Water Resources has landscaping grants that may help.
- **Education for renters and landlords:** Consider providing assistance to fund education on water conserving practices, e.g., take showers rather than baths.

- **Heat or drought declarations:** Consider that water needs increase during heat and drought. Certain actions could automatically engage in response to formal declarations from the Governor.
- **Basic level of water:** Consider providing the first 5 gallons (or some other amount) of water per person per day at no cost (free) given every California has the right to safe, clean, affordable and accessible drinking water.
- **Operations & maintenance (O&M):** Funds are already available for capital expenditures, but not for O&M, and this is a barrier to infrastructure improvements.
- **Communities:** Consider issuing grants to communities.
- **Rate Forgiveness:** Some households are already in debt. Consider rate forgiveness or retroactive payment plans. Particularly important not to shut off water service.

Section 2: Program eligibility

Q: How should a household's eligibility be determined?

- **Low Income Home Energy Assistance Program (LIHEAP)** has [edibility requirements](#) that were recommended as a model. *(Also see page 2 for a list of programs mentioned as having some aspects that can serve as a model).*

Q: Who will be eligible to receive assistance?

- **How is "affordability" defined?** Consider ratepayer costs of water because it is so variable: some are paying hundreds per month and others \$40-60. In CA our programs use higher income levels than Federal poverty standard given the higher cost of living.
- **Renters and homeowners without affordable drinking water:** Ideas for determine "affordable" drinking water include:
 - Establishing a threshold based on a certain percent of income to water cost
 - Using criteria that is already established for another assistance program targeting the same group
- **Homeowners with private wells:** Drilling wells is expensive.
- **Wealthy cities:** Water is unaffordable to some residents, even in wealthy areas.
- **Per capita water use:** Many of the local water assistance programs require water use to be under 50 gpcd.
- **Homeless:** Consider providing assistance through existing programs that assist the homeless.
- **Agencies with outstanding loans/grants:** Consider assistance for agencies that are behind in payments.
- **Water providers that have a demonstrated need:** Consider directing funds to communities for infrastructure needs rather than for individual consumers.
 - Small suppliers may not have funds available to operate and maintain (O+M) equipment, even if they are eligible for funds for capital expenditures.
 - Consider water quality challenges in a community, for example, should the additional costs of bottled water be taken into account when water is purchased because tap water is not safe?

- Some water suppliers in low-income areas have deferred maintenance and are unable to get funds from their customers to cover maintenance.

Q: What other entities besides households should qualify for assistance? (Schools? Day care centers? Health care centers?) Some participants recommend that schools be included and facilities that need to use more water for health and safety reasons.

Q: What changes should increase or decrease the level of assistance? Consider changes to household financial status, including loss of employment. Also incorporate increases to cost of water in assistance calculation.

Q: What percentage of income spent on water should trigger eligibility? Consider thresholds recommended by USEPA and United Nations, specifically more than 1.5 or 2 percent of income.

Q: Should enrollment in other programs serve as a basis for which to make an individual eligible? If so, which programs could serve this role: The following were mentioned as possible programs: electric utility lifeline programs, telephone lifeline programs, Medicaid, unemployment insurance, other forms of government aid, rebate programs like toilet rebate program. See page 2 for more examples.

• **Below are comments from participants on program scope and eligibility:**

- Some suggested that a small amount of water (5 gallons per capita daily gpcd) should be available at no cost. Others suggested having a water allotment of 30-55 gpcd. Thirty gallons per person per day may be more feasible when there is mandatory rationing.
- Assistance should not be allowed to pay off delinquent bills.
- Financial situations change over the year so don't rely on annual income information. Consider six week intervals.
- Consider household expenses such as student loans, cancer treatments, and other healthcare expenses
- Consider the impacts of a job loss, debt, or death.
- Consider those who have fixed incomes, which includes those who receive disability income.
- Consider cash flow as a part of affordability. In Santa Rosa, in an unincorporated area, a customer has a \$500 bill twice a year.
- Consider defining affordability at the community level.
- Will affordability be evaluated for every system in the state? Are data available?
- Consider payments to building owners, or landlords, or non-profits managing low-income housing; whenever the cost of water is incorporated into rental payments.
- Make sure we are not asking households to upfront money to get the subsidy as with conservation rebates.
- Consider allowing use of Electronic Benefit Transfer (EBT) cards to pay for drinking water as us done in some farmers' markets for food.
- Base the level of benefit on income and living expenses

- It will be easier to operate the program if multi-family housing residents are excluded.
- Consider that rate structures tend to favor large water users. The Water Board needs to better implement existing requirements. (Comment pertained to Occidental and to Division of Water Rights approval that allowed the revenue recovered to be set at 50% instead of 30%).
- Anything that is done to assist people with water generally makes people use more water. In EBMUD there is a high service fee and low water rate fee. First thing would be to target the service fee. EBMUD in Oakland is \$10 and water usage fee is \$4.
- Every program participant should have a water audit. Audits help identify leaks and use practices that are responsible for high use.
- Conservation is of huge importance. Will the funding source for conservation and rate subsidy come from the same funding source?
- Only subsidize a reasonable use of water at the lower levels when there is a tiered rate. Consider having low meter usage fees and a higher flow rates. This would prevent the excess use of water.
- Only fund efficient uses of water. Consider limiting funds to the first tier of water. However, some people may need assistance in order to keep their uses low or can't keep water use low because they live in an apartment with leaky pipes and may not have the authority or funds to fix them. They may not have the funds to upgrade efficient fixtures.
- Consider including waste water costs as part of this program. It is generally more expensive than drinking water costs.

Section 3: Funding resources

Q: How much revenue is needed for the program?

- Consider revenue consistent with program scope and eligibility comments above.

Q: How should the revenue be allocated across customer classes within systems?

- Consider the number of eligible customers using standard eligibility criteria.

Q: How should the revenue be generated? (also see page 1)

- Split fixed costs (about 80 % of costs) from water use costs and fund the fixed costs through property taxes. Property taxes are guaranteed and collected locally. Apply volumetric pricing to cover remaining costs. Many people write off their property tax bill.
- Design the program so polluters fund it. Capture cost of polluters to provide income for this program.
- Treatment is significant contributor to water cost, have you thought of pollution prevention?
- Consider using fines from enforcement.
- Consider using a drought surcharge structure as a model.
- Consider using a water goods charge. A concern is that a surcharge on water would immediately make water more expensive. Low-income households could be exempt to address this.

The transaction fees would diminish the money gathered. Also, a water goods charge would diminish the money available for infrastructure replacement.

- Consider using a water extraction fee. It could be charged and collected upstream as well.
- Consider using general funds.
- Consider using enterprise funds in full service cities, which could be used to finance operation and maintenance of facilities/systems in these cities.
- Consider whether funding efficiency programs is within the scope of AB401.

Who would collect funds and who would distribute them?

- To avoid issues with Prop 218, the state could collect funds and then distribute them. Any entity distributing funds could have to meet certain criteria.
- A household could verify household income and water cost when filing income taxes
- Let eligible households use their Electronic Benefit Transfer (EBT) cards to pay for water.

Q: What revenue sources are appropriate? Participants offered comments on funds and finances:

- **Climate credit:** Cap and trade could be part of the program design or could be structured like the biannual climate credit we get on energy bills.
- **Bank rebates:** Bank of America gives rebate to some water systems for operating their payment systems online. This could provide some revenue.
- **Fines:** Fee/penalties from households/systems using excessive amounts of water could be a source of revenue.
- **Tax credit:** A tax credit would impact the state's general fund and a tax credit may not be appropriate for this program because many eligible households may not pay taxes. Furthermore, a one-time receipt of funds every year is problematic from the point of view of cash flow.
- **Public goods charge:** Consider if a public goods charge is possible. Others spoke against a public goods charge.
- **Donations:** Avoid using a donation program on water bills as it doesn't work well.
- **Use existing programs:** Why not just use CARE and give subsidies on energy bills? How does CARE work in terms of eligibility? A water credit on an energy bill may be invisible to participants which is not ideal.
- **Seek funds from those who negatively impact the delivery of drinking water**
 - **Agriculture:** Fertilizers impact water. Coordinate with the SGMA act.
 - **Trucks:** Water pipes are damaged by trucks and this causes leaks. Truck drivers do not pay for water system maintenance.
- **Data sharing:** Data sharing has taken place within the CPUC/IOUs from CARE to CARW. Each utility has a different % of eligible customers so different cost burdens.
- **Credit to suppliers on leniency of late payments:** Grant a credit to water companies who exercise forbearance on late payments as this supports human right to water.

Section 4: Technical administration of the program

Q: Should the program be administered at the local or state level?

- Based on drought emergency experience, individual systems have varying capacities so it would not be fair to leave implementation up to them.
- Small system administrative functions are fully maximized now, “We cannot do one more thing.”
- If state runs the program they will “burn” through too much money.
- How much does your office interact with the Regional Boards?
- Determine which water providers can run their own program and provide assistance to those who can’t.
- There are hundreds of mutual water companies in Kern County. How do you plan to incorporate these?

Q: If at the local level, should it be administered by the water system or by local government?

- Consider having community-based non-profits assist with program implementation, provided they meet certain criteria.
- Consider that programs should run through drinking water systems because ratepayers don’t want to go to the state. They want to pay their bill and move on.
- Consider if this program could be run by counties to generally subsidize infrastructure.
- If regulations are developed, add a clause that says that entities that meet the goals of AB401 are exempt from prescriptive regulations. Allow communities to find a good solution.
- Consider outreach to groups that are hard to reach such as renters.

Q: If at the local level, should the State Water Board be involved in administration? No specific input received.

Q: Will water suppliers that already have affordability program be allowed to participate in or synchronize their programs with the statewide program? Participants offered these comments:

- Consider impacts that might occur to existing programs. Additionally, include safeguards to prevent a household from applying for more than one program so there is no double dipping.
- Will household level conservation programs be integrated? Will water quality problems be addressed? Is Prop 1 money available for this?

Q: What measures should be in place to ensure proper program oversight?

- Several participants commented that not all apartments, residents, and other facilities have meters. All should have meters to create a more level playing field.
- Put in smart meters instead of having fee readers go to each home. Train meter readers to be ones who install the new smart readers.
- There needs to be fiscal oversight to make sure an agency’s subsidy is being administered and that the program doesn’t subsidize poorly run agencies.

Q: How should program performance be evaluated?

- Consider establishing benchmarks to use for comparing performance in one region versus another. Consider having counties track performance in their region.

Below are other comments the concern program implementation:

- How will the program address service disconnections?
- How will the program deal with overcrowding? A housing unit may have many adults, each earning a very low income. Individually they are low-income but combined as group, the household may have a high enough income to be ineligible.
- Coordinate with the SGMA act implementation.
- Will this program pay for affordable water treatment?

State Water Board Next Steps:

In 2017, State Water Board staff plan to use the input it received from public meetings and comments, along with research conducted by the University of California/Los Angeles and the University of California/Berkeley to draft a preliminary proposal. In addition, the State Water Board staff will hold additional workshops and meetings to solicit public input. A workshop will be held on February 8, 2017 (Link to public notice:

http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/notice_a_sdw.pdf). State Water Board staff will seek input on the draft report and submit a final report to the Legislature by February 1, 2018.

The Water Board will post information on the above mentioned topics at this [webpage](#) and send announcements as needed through its listserv.

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