



Detroit's Water Affordability Program: *Practical, implementable solutions*

Presented by Gary Brown, DWSD Director, and Eric Rothstein, BRPA Chair

February 8, 2016

Detroit's proposed program is one of the most robust in the nation

Water Affordability Program



"WRAP will be designed to help reduce its customer communities' need to implement adverse billing and collection measures including utility service disconnections and lien placements"

*GLWA Res.2015-08-03
August 17, 2015*

Recommended program incorporates and refines the 2005 proposed plan

**A Water Affordability
Program for DWSD**

2005

*Income-indexed rates—
potential for extended legal
challenge*

**Detroit
Water Affordability
Program
(DWSD + WRAP)**

2016

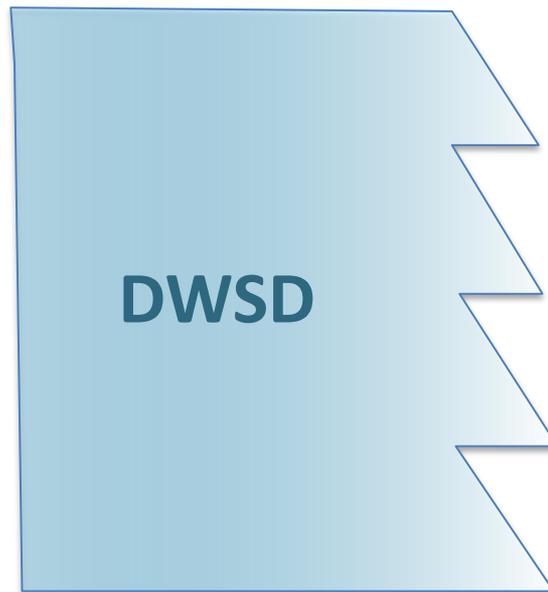
*Increasing-block rates—
more broadly based and
legally defensible*

Key features of Detroit's Water Affordability Program:

- 1. Credit assistance:** Reduces eligible customers' bills and sets a fixed monthly payment amount
- 2. Freezing arrears:** Freezes arrears for eligible customers and reduces their balance by up to \$1,000, contingent on compliance with payment plan
- 3. Customer service:** A representative will connect eligible customers to the non-profit organizations and city, state and federal social services that are available to help alleviate poverty

DWSD actions

Water Affordability Program



Highlights:

- Bill payment assistance
- Enhanced customer service, with wrap-around social service referrals
- Shutoff avoidance
- Billing/collection improvements
- Rate redesign
- Legislative advocacy

Community Collaboration

GLWA WRAP

Water Affordability Program

Highlights:

- Bill payment assistance
 - Wrap-around social service referrals
- Residential water audit
- Plumbing repair assistance
 - Conservation training



**GLWA
WRAP**

Community Collaboration

Detroit's Charter recognizes residents' right to safe drinking water and sanitation



Charter of the City of Detroit
January 1, 2012

(Adopted by Vote of the People on November 8, 2011)

DECLARATION OF RIGHTS

1. Detroit City government is a service institution that recognizes its subordination to the people of Detroit.

The City shall provide for the public peace, health and safety of persons and property within its jurisdictional limits.

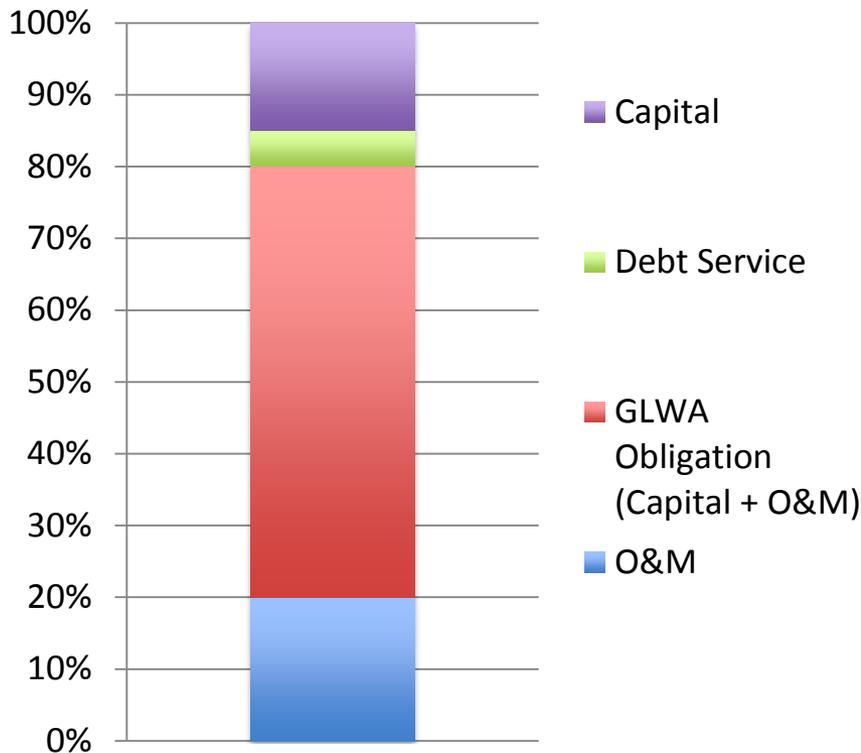
The people have a right to expect aggressive action by the City's officers in seeking to advance, conserve, maintain and protect the integrity of the human, physical and natural resources of this city from encroachment and/or dismantlement.

The people have a right to expect city government to provide for its residents, decent housing; job opportunities; reliable, convenient and comfortable transportation; recreational facilities and activities; cultural enrichment, including libraries and art and historical museums; clean air and waterways, safe drinking water and a sanitary, environmentally sound city.

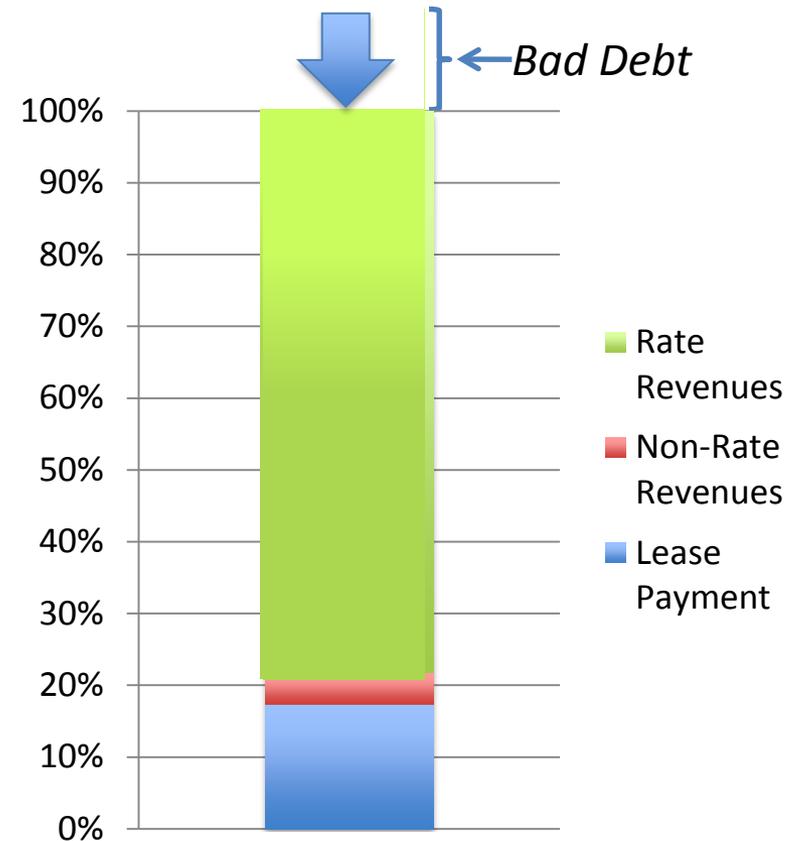
“The people have a right to expect city government to provide for its residents... safe drinking water and a sanitary, environmentally sound city.”

DWSD must also meet its obligations—by raising collections, we can spread costs more equitably and provide needed relief

DWSD Revenue Requirements (conceptual)



DWSD Revenues (conceptual)

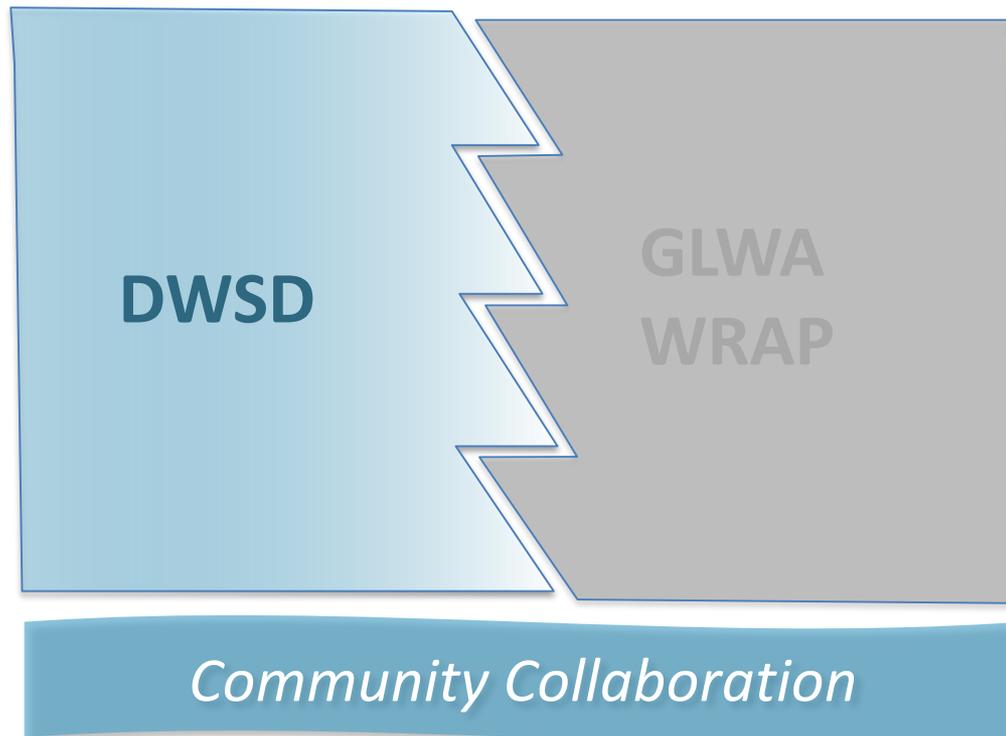


Detroit's Water Affordability Program can be part of a larger solution to poverty challenges

- Detroit's poverty rate, at nearly 40%, is among nation's highest
- City Council has voiced concerns about water affordability since the early 2000s
- A water affordability program with income-indexed rates was proposed in 2005, but legality concerns were raised
- Detroit's new **Water Affordability Program** can become a part of a more comprehensive public policy discussion to address poverty in our city
 - The **Blue Ribbon Panel on Affordability (BRPA)** recommendations, which address water affordability specifically for DWSD customers
 - The **Water Residential Assistance Program (WRAP)**, to be implemented throughout GLWA's service area—including Detroit

Detroit's proposed program is one of the most robust in the nation

Water Affordability Program



BRPA members blended national and regional expertise

The logo for the Detroit Water and Sewerage Department (DWSD) is a blue arrow pointing to the right, with the letters "DWSD" in white inside the arrow's shaft.

National:*

- **Janice Beecher**, Director, Michigan State University Institute of Public Utilities
- **Julius Ciaccia**, Chief Executive Officer, Northeast Ohio Regional Sewer District
- **Roger Colton**, Co-Founder, Fisher, Sheehan & Colton
- **Robert K. Miller**, Deputy Director, Sewerage and Water Board of New Orleans
- **Eric Rothstein**, Principal, Galardi Rothstein Group (Chair)
- **Scott Rubin**, Attorney at Law

Regional:**

- **Mary Blackmon**, DWSD Board of Water Commissioner
- **Julie Kavanagh**, Macomb County Community Services Agency
- **Karla Marshall**, Policy Analyst, Detroit City Council Member Scott Benson
- **Demeeke Williams**, Political Director, Detroit Water Brigade

**A representative from Philadelphia Water was invited but unable to attend due to schedule.*

***New DWSD Executive Leadership also attended all workshops.*

BRPA completed its work as a group in fourth quarter 2015



- A series of four workshops were held in Detroit between October and December
- Discussions centered on identifying and evaluating specific options DWSD could implement to address affordability

In Detroit, water affordability may hit a hurdle

James David Dickson, *The Detroit News* 8:30 a.m. EDT October 14, 2015

Detroit will consider affordable water plan

WRITTEN BY MICHIGAN RADIO POSTED: 01/31/2016, 01:06PM

Detroit panel proposal urges tiered billing for water

Joel Kurth, *The Detroit News* 4:36 p.m. EST January 29, 2016

BRPA identified affordability options in three categories:

The logo for the Department of Water and Sewerage (DWSD) is a blue arrow pointing to the right, with the letters "DWSD" in white inside the arrow's shaft.

DWSD

1. Rate structure options

- a. Income-indexed rates
- b. Fixed charges
- c. Increasing-block rates
- d. Property-value-based charges

2. Customer assistance options (income-qualified)

- a. Bill assistance—general
- b. Bill assistance—Amnesty Program
- c. Water conservation and plumbing repair

3. Billing and collection options

- a. Payment plans with disconnection avoidance
- b. Payment plans with arrearage forgiveness
- c. Budget billing
- d. Alternative billing scheduling

BRPA evaluated options using multi-attribute scoring/ranking



Evaluation criteria:

- Risk of potential legal challenge
- Extent of assistance: # households reached
- Extent of assistance: durability
- Water resource efficiency
- Overall fairness
- Practicality—implementation and understanding

Highest-ranking options:

The logo for DWSD (Delaware Water & Sewer Department) is a blue arrow pointing to the right, with the letters "DWSD" in white inside the arrow's body.

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- b. Fixed charges
- c. Increasing-block rates**
- d. Property-value-based charges

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- a. Bill assistance—general**
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Final BRPA recommendations:

A multi-faceted approach to affordability



- No single rate design or assistance program can adequately address Detroit's affordability challenges
- Short & long-term recommendations for DWSD include:
 - **Bill payment** assistance
 - **Billing & collection** improvements, shutoff avoidance
 - **Rate redesign**—increasing-block rates
 - **Conservation & plumbing** repair assistance
 - **Customer service** and cultural enhancement
 - **Partnership** with community groups and agencies
 - **Proper allocation** of costs across DWSD and GLWA systems
 - **Advocacy** for state/federal regulations on affordability

Timeline for implementing BRPA recommendations:

The logo for the Department of Water and Sewerage (DWSD) is a blue arrow pointing to the right, with the letters "DWSD" in white inside it.

DWSD

2016

- **Pass** resolution re: universal access to water and sewer services
- **Expand** bill payment assistance & conservation with non-rate funds
- **Expedite** billing & collection improvements
- **Improve** shutoff avoidance processes
- **Build** new partnerships with community organizations
- **Strengthen** customer service culture
- **Advocate** for state/federal regulations to enhance affordability

2017-18

- **Implement** increasing-block rate structure
- **Enhance** bill payment options
- **Expand** plumbing and conservation programs
- **Influence** allocation of costs across DWSD and GLWA systems

DWSD will work hand-in-hand with community agencies to integrate existing assistance programs



Program	Website URL
Detroit Water Fund	http://liveunitedsem.org/pages/detroitwaterfund-about
Detroit Water Project	https://www.detroitwaterproject.org
Detroit Residential Water Assistance Program (DRWAP)	http://www.needhelppayingbills.com/html/detroit_water_bill_assistance.html
Detroit THAW Water Assistance Program	http://www.needhelppayingbills.com/html/detroit_thaw_water_assistance.html
Water Access Volunteer Effort (WAVE)	http://www.wavefund.org
Wayne Metro Water Assistance Program	http://www.waynemetro.org
Michigan Department of Health and Human Services	http://www.Michigan.gov

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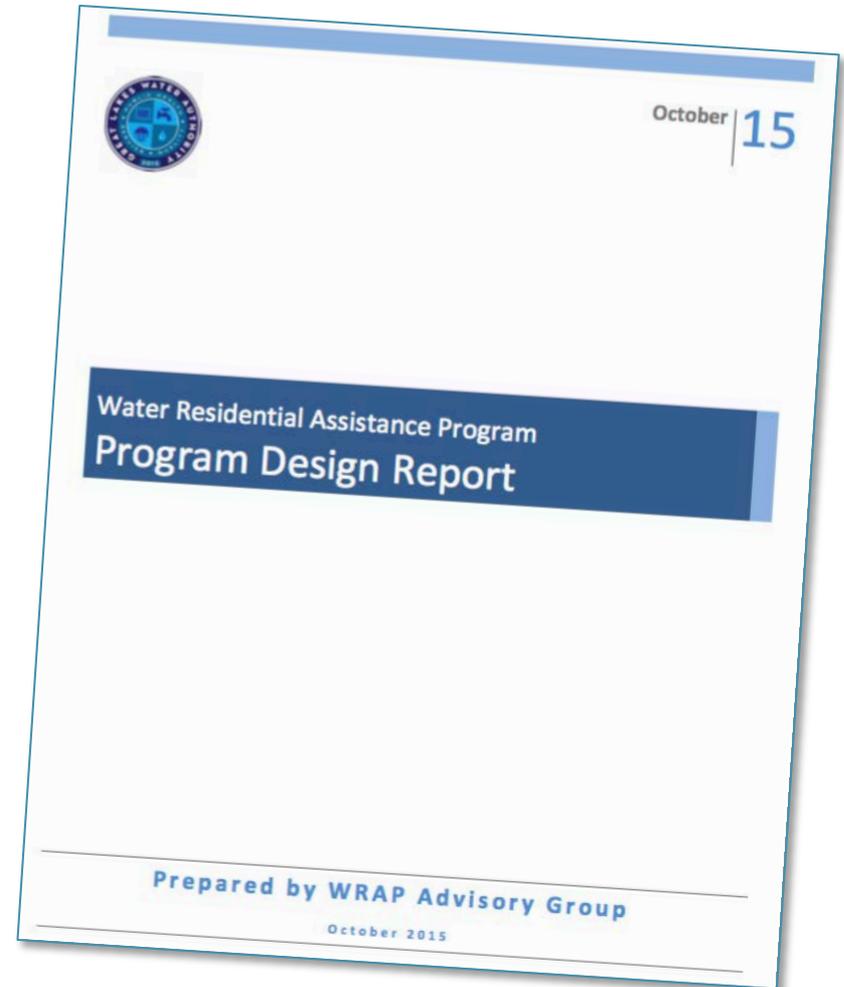
Water Affordability Program



GLWA's WRAP augments DWSD's recommended affordability plan

GLWA
WRAP

- Offers enhanced support to low-income customers across GLWA service area who require assistance in paying their water/sewer bills
- Administered through Wayne Co. Metropolitan Community Action Agency
- Implementation to begin March or April 2016



Key components of GLWA's WRAP:

The logo for GLWA WRAP is a blue, jagged-edged shape on the right side of the slide. It contains the text "GLWA" on the top line and "WRAP" on the bottom line, both in white, uppercase letters.

GLWA
WRAP

- **Residential Water Audit:** Free water audit based on household water use 20% or more above average
- **Household Plumbing Repair:** Up to \$1,000 per qualifying household to address plumbing issues ID'd in audit
- **Water Conservation:** 1 training class per household registering with WRAP
- **Payment Assistance:** Assistance plan of up to \$1,000 for customers 150% below federal poverty level
- **Customer Service:** Referrals to available social services

Details on GLWA WRAP Payment Assistance Plan:

The logo for GLWA WRAP is a blue, jagged-edged shape on the right side of the slide, containing the text "GLWA WRAP" in white, bold, uppercase letters.

GLWA
WRAP

- Financial assistance plan of up to \$1,000 for customers 150% below federal poverty level
 - Arrears frozen for 12 months—*contingent on successful adherence to payment plan*
 - \$25 credit toward monthly bill for 12 months—*total \$300*
 - \$700 toward arrears—*after 12 months of successful payments*
 - If arrears exceed \$700 after 12 months, customer is eligible to reapply for assistance next fiscal year—*maximum 24 months*
 - Customers must have installed new Automatic Meter Reading or agree to allow installation

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Water Affordability Program





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