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**

- DWSD
- GLWA WRAP (Water Residential Assistance 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

Community Collaboration
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
Water Affordability Program

Highlights:

• Bill payment assistance
• Wrap-around social service referrals
• Residential water audit
• Plumbing repair assistance
• Conservation training
Detroit’s Charter recognizes residents’ right to safe drinking water and sanitation.

“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.
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

Community Collaboration

DWSD

GLWA

WRAP
BRPA members blended national and regional expertise

**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
- **Demeeko 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
BRPA identified affordability options in three categories:

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:

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
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:

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

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**Water Affordability Program**

- DWSD
- GLWA
- WRAP

*Community Collaboration*
GLWA’s WRAP augments DWSD’s recommended affordability plan

- 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:

- **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:

- 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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