

Capacity Charge Affordability Presentation

MWPAAC Meeting March 1, 2018

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King County has identified affordable housing as a countywide issue and has called for policies and programs which improve the availability of housing that is affordable for all residents. King County's 2016-18 Equity and Social Justice (ESJ) Implementation Plan also calls for an assessment of fees and rates charged to county customers to identify opportunities to improve outcomes.

In response, the Wastewater Treatment Division (WTD) is working with a research team to improve its current Capacity Charge program to reach target populations. We will provide a briefing on the project status and key findings to date and solicit MWPAAC's input at the March 1 meeting of the Rates and Finance subcommittee.

Demographics

As a first step, the researchers are developing demographic data to characterize WTD capacity charge customers. The objective is to identify those WTD customers who have low incomes. These and other demographic characteristics of the customer group will be a key part of defining the target population WTD aims to benefit through the program. Initial demographic insights will be shared.

Affordability Program Objectives

There are multiple potential objectives for creating affordability programs. The choice of objective(s) will drive the type of customer assistance program selected. It is very possible that various stakeholders (e.g. WTD, MWPAAC, King County City Council) will identify a range of objectives (See Table 1).

At the briefing, we will spend time gathering MWPAAC member objectives as well as determining how to gather ideas from other sewer agencies. We will also share the range of potential objectives expressed during a series of interviews with internal WTD professionals.

Affordability Program Opportunities & Boundaries

It is important to develop a set of program evaluation and selection criteria. The first step in identifying program evaluation criteria is to identify the critical opportunities and boundaries that drive the potential program options that meet the community needs and resources.

As part of this meeting, we will solicit your ideas on what an affordability program could look like. We look forward to discussing your ideas. We will also share the input obtained during a series of interviews with WTD staff.

In addition, the research team has identified, with WTD experts, three potentially important program opportunities:

1. WTD's escrow automation project, which will provide opportunities for easy data coordination with other agencies.
2. WTD's capacity charge rate restructure study, which will allow for a clear distinction between approaches to improve affordability and approaches to address efficiency, fairness, or other rate-setting principles.
3. The broad political receptivity for affordability programs to support low-income housing needs.

We look forward to discussing these opportunities and soliciting MWPAAC insights on other opportunities.

Table 1: Range of Affordability Program Objectives

- To provide ongoing rate relief to those with the most need for low-income assistance.
- To offer flexibility, or ease the burden on, capacity charge customers with temporary financial hardship.
- To assist the low-income customers most in need
- To support the community's intent to encourage affordable housing development.
- To support the community's intent to maintain the affordable housing stock.
- To help keep housing costs (rent, utilities) affordable.
- To promote affordable housing and living conditions.
- To establish a relationship and lines of communication with hard-to-reach populations.
- To promote equity across all low-income customers.
- To build community loyalty, trust, and a favorable public image for the utility.

Engagement Plan

Working with the full community of affordability experts to gather information is critical to ensuring collaborative opportunities are fully embraced.

Table 2 provides an overview of key engagement activities. We look forward to soliciting additional engagement opportunities from MWPAAC, as well as ideas on how to best invite and include interested sewer agencies' input.

Table 2: Outline of Engagement Activities

| Organization | Engagement Objective | Schedule |
|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| WTD Internal Experts | <ul style="list-style-type: none"> • Develop common understanding • Gather information • Guide analytic work • Review program evaluation criteria choices • Provide input on additional analytic needs and next steps | January - June |
| MWPAAC Sewer Agencies DNRP Affordable Housing King County agencies Others | <ul style="list-style-type: none"> • Develop common understanding • Gather information • Review program evaluation criteria choices • Provide input on additional analytic needs and next steps | March-June |