

WTD Capacity Charge Affordability and Low Income Customer Assistance

MWPAAC Rates and Finance Subcommittee

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WTD has identified three policy objectives:

- ▶ Assist low-income customers most in need
- ▶ Increase flexibility for customers with temporary hardship
- ▶ Align with County's intent to encourage affordable housing development



Research objectives

- ▶ Characterize the need for income-based assistance
- ▶ Identify possible approaches to provide meaningful support for customers in need
- ▶ Analyze potential effectiveness, impacts, and implications



MWPAAC Roundtable has provided valuable exchange and learning

- ▶ Many agencies are also developing or improving their own customer assistance programs
- ▶ Don't underestimate administrative considerations and challenges
- ▶ Concern about possible increase in sewer rate or capacity charge, esp. impact on low-income ratepayers
- ▶ Interest in partnering to support conversion from septic to sewer

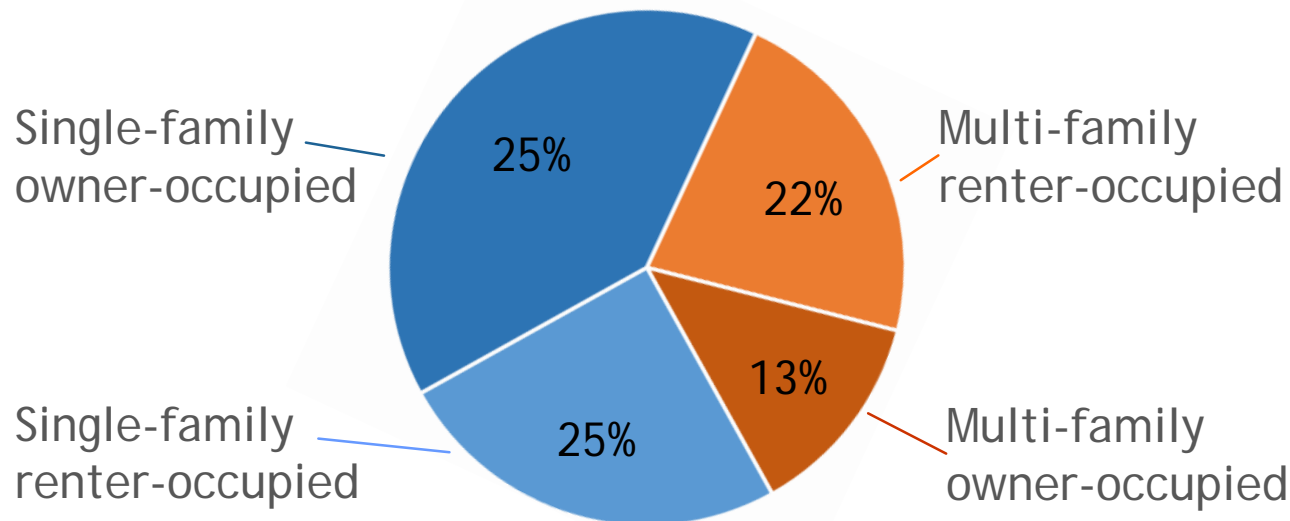


Customer characterization analysis helps us answer three questions

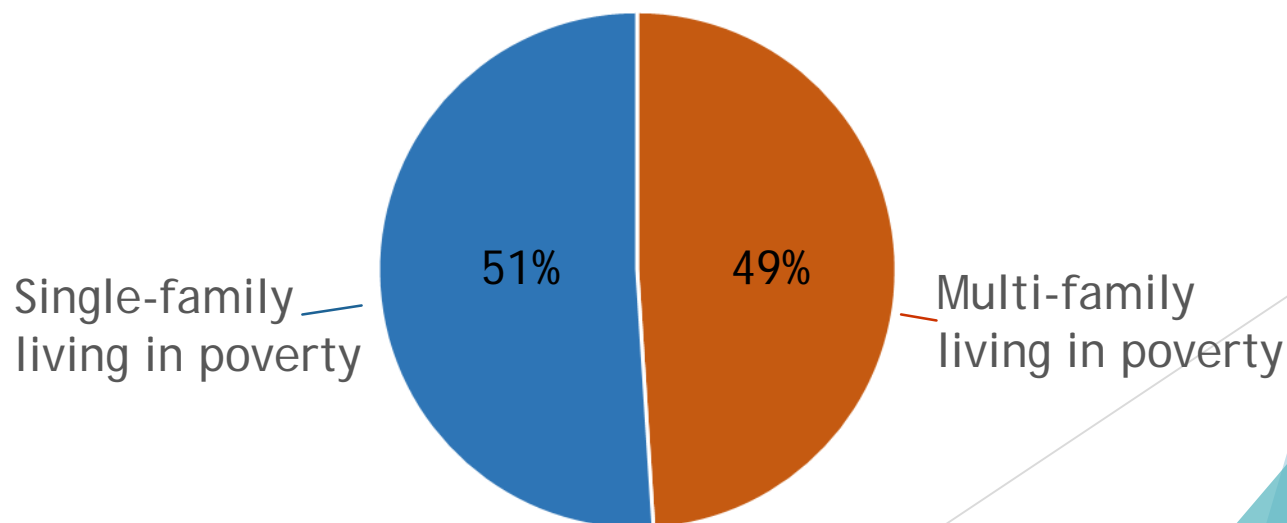
1. What affordability challenges are WTD capacity charge customers likely to be facing?
2. How effective could different approaches be at addressing those challenges?
 - ▶ How many customers could benefit?
3. Potential RCE and revenue impacts



People in all residential capacity charge homes



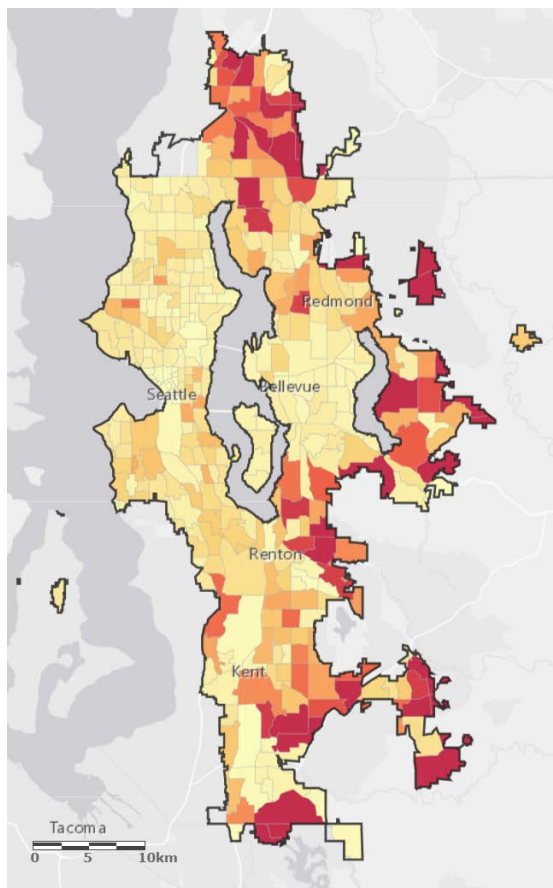
People in capacity charge homes living in poverty



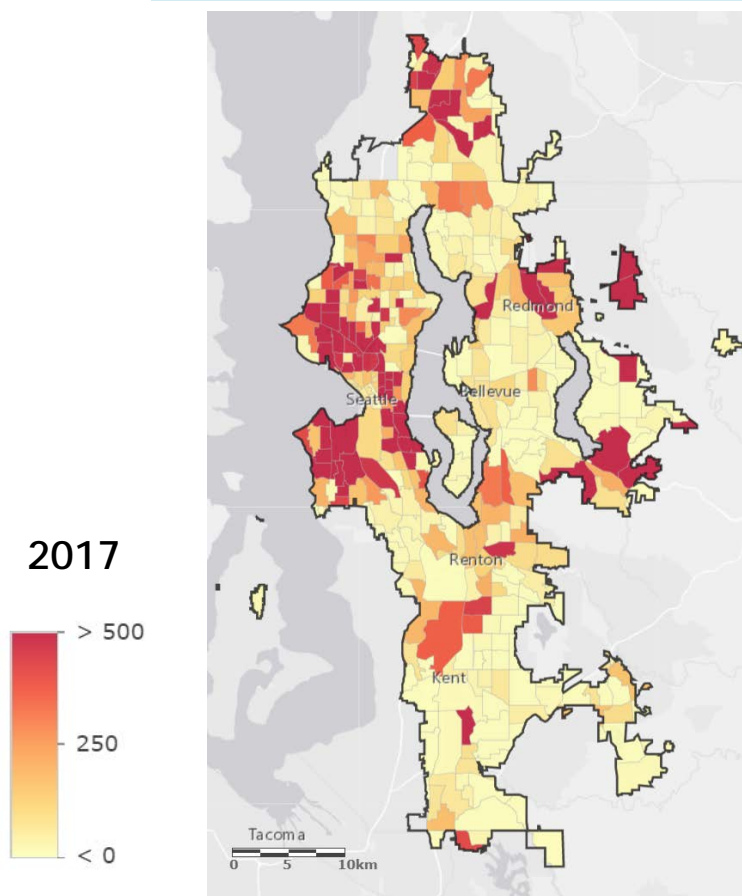


Capacity charge customers are distributed throughout WTD's service area

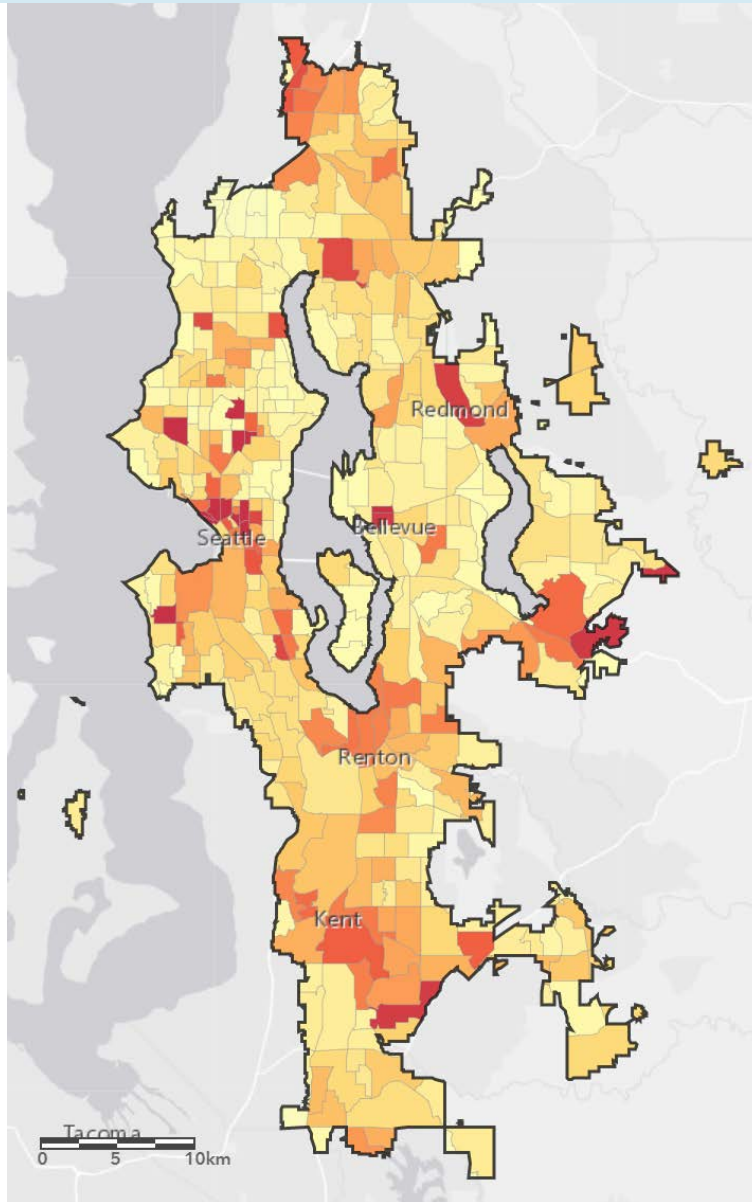
Customer Accounts, Single Family



Customer Accounts, Multifamily

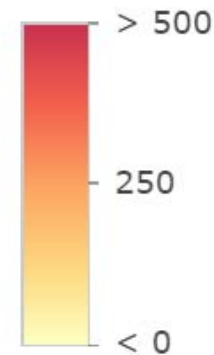


As many as 23% of capacity charge customers may face extreme poverty



60,000 Households
146,000 People

Customers





Key considerations/criteria:

- ▶ Focused, measurable benefit to target customer group
- ▶ Overall cost
- ▶ Benefit-to-cost outcomes
- ▶ Administrative feasibility
- ▶ Alignment with other affordability programs
- ▶ Alignment with community goals and mandates—e.g., environmental, public health, equity
- ▶ Legal feasibility
- ▶ Flexibility and sustainability to meet changing needs
- ▶ Transparency, accountability
- ▶ Simplicity, ease of understanding



WTD is evaluating five distinct approaches:

1. Provide indirect/non-financial assistance through community partnerships
2. Expand options for temporary assistance
3. Expand direct support to covenanted affordable housing
4. Create new direct support for customers connecting to sewer from septic
5. Create new direct support to other low-income owners and renters



1. Indirect assistance through community partnerships

WTD connects customers with organizations that provide robust financial assistance.

Possible elements:

- ▶ Training, scripts, and information resources for WTD staff
- ▶ Agreements with one or more community organizations

Highlights:

- ▶ Research-backed, cost-effective support for those most at risk
- ▶ Aligns and connects WTD with community-based organizations
- ▶ WTD could implement without changes to County Code

Focused benefit	High
Benefit-to-cost outcomes	High
Align w/ other programs	High
Legal feasibility	High



2. Temporary assistance

WTD provides short-term bill assistance for customers with a temporary inability to pay.

Possible elements:

- ▶ Eligibility based on enrollment in other income-based programs
- ▶ Payment timeline flexibility (payment plan)
- ▶ Short-term bill reduction or waiver
- ▶ Payment deferral (lien)

Highlights:

- ▶ Could prevent a downward-spiraling event for customers managing tight budgets
- ▶ WTD staff already offering some payment plan flexibility and administering liens for non-payment

Focused benefit	High
Align w/ other programs	High
Administrative feasibility	High



3. Discounts to covenanted affordable housing

WTD encourages development of new housing for low-income residents by reducing the cost of the capacity charge.

Possible elements:

- ▶ Income-based occupancy requirement
- ▶ Requirement that covenant be in place for 25 years or longer

Highlights:

- ▶ Expansion of existing discount

Focused benefit	High
Align w/ community goals	High
Administrative feasibility	High



4. Discount for new connections converting from septic

WTD reduces the capacity charge for low-income households closing septic systems to connect to their local sewer.

Possible elements:

- ▶ Eligibility based on enrollment in other income-based programs
- ▶ Partnership (co-grant, e.g.) with local sewer agencies to provide comprehensive assistance to these customers

Highlights:

- ▶ Reduces financial barrier for customers to connect to sewer
- ▶ Supports public health and water quality, environmental goals

Focused benefit	High
Align w/ community goals	High
Align w/ other programs	High



5. Discounts to other low-income owners and renters

WTD reduces the capacity charge for all low-income households, including renters and owners.

Possible elements:

- ▶ Mechanism for income-based eligibility verification for owners and/or occupants
- ▶ Vouchers for renters in capacity charge buildings

Highlights:

- ▶ Most inclusive and expansive option
- ▶ Outside of existing legal constraints and administrative capacity

Benefit-to-cost	Low
Administrative feasibility	Low
Legal feasibility	Low



Questions about assistance approaches under review?

1. Provide indirect/non-financial assistance through community partnerships
2. Expand options for temporary assistance
3. Expand direct support to covenanted affordable housing
4. Create new direct support for customers connecting to sewer from septic
5. Create new direct support to other low-income owners and renters



Project next steps include

- ▶ Continue and expand stakeholder engagement
 - ▶ MWPAAC Roundtable and individual interviews
 - ▶ Other King County agencies
 - ▶ Affordable housing policy network
 - ▶ Other organizations serving low-income populations
- ▶ Further refine each potential approach:
 - ▶ Eligibility
 - ▶ Discount amounts
 - ▶ Likely partnerships, funding sources
- ▶ More fully evaluate each potential approach:
 - ▶ Administrative/implementation considerations
 - ▶ Authorization and legal considerations
 - ▶ Revenue impacts, ratepayer impacts



An important next step will be evaluating different funding strategies

- ▶ Capacity charge
- ▶ Monthly sewer rate
- ▶ Non-ratepayer public funding—general fund, property tax, sales tax
- ▶ Grants and low-interest loans
- ▶ Voluntary donations



WTD will continue to involve MWPAAC as the project continues.

- ▶ Q3 2018 Proposal Development
 - ▶ MWPAAC Roundtable
 - ▶ Individual follow-up interviews
 - ▶ Rates and Finance or full MWPAAC briefing
 - ▶ WTD, DNRP, Executive endorsement
- ▶ Q4 2018 Prepare for King County Council
 - ▶ MWPAAC letter of support
- ▶ Q1 2019 Transmit to Council



Thank you!

Questions or comments?

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