

November 17, 2016

VIA E-MAIL: Kathy.Frevert@waterboards.ca.gov and U.S. Mail

The Honorable Felicia Marcus, Chair
and Members of the State Water Resources Control Board
c/o Clerk to the Board - State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Subject: Comments on Low-Income Rate Assistance Program

Dear Chair Marcus and Members of the Board:

The East Bay Municipal Utility District (EBMUD) would like to thank the State Water Resources Control Board (SWRCB) for the opportunity to provide comments on the future direction of the State's Low-Income Rate Assistance Program. For decades, EBMUD has provided valuable services to support low-income households and is committed to continue collaboration with SWRCB staff on a solution that can be supported by all agencies.

EBMUD has provided safe, reliable, accessible, and affordable water to 1.4 million customers in the California San Francisco Bay Area for almost a century. Our diverse service area demographic ranges from very affluent households to those that struggle to afford basic necessities such as rent, utilities, healthcare, and food. Our service area spans across two counties, Alameda and Contra Costa Counties, and a large portion of our service area houses many disadvantaged communities (reference Attachment A). Attached are photos depicting poverty in the City of Oakland, the largest city within our service area (reference Attachment B). As with many large urban areas, we have seen the cost of living in the San Francisco Bay Area increase rapidly throughout the years, making affordability a daily challenge for many.

EBMUD provides various forms of assistance to its customers that are having difficulty paying their water and wastewater treatment bills.

Customer Assistance Program (CAP)

In 1987, EBMUD established a CAP to help pay a portion of the water and wastewater charges for qualifying low-income households and homeless shelters. For almost three decades, this program has provided over \$40 million in assistance, with funding derived from non-rate revenue.

The CAP discount provides 50 percent off of the standard bimonthly service charge and the home water use charges for each eligible household/shelter for use of up to 1,050 gallons per person per month. A 35 percent discount is provided for EBMUD wastewater service and flow charges.

375 ELEVENTH STREET • OAKLAND • CA 94607-4240 • (510) 287-0101

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Eligibility is determined by income limits derived from the annual state housing poverty guidelines, which are listed by county and updated annually. The CAP income levels are based on the “very low-income level” limit, which is 50 percent of Housing and Urban Development’s Median Family Income.

Local Partnerships

EBMUD partners with other local community agencies that provide limited one-time emergency financial assistance. If a customer is not eligible for the CAP program and/or needs emergency relief assistance, EBMUD partners with the Salvation Army, Catholic Charities, and Seasons for Sharing. The St. Vincent De Paul Society was added last year to the list of agency partners.

Lien Program

In 2011, EBMUD also developed a lien program to allow tenants who live in multi-family residential properties the benefit of uninterrupted service while a property owner resolves delinquent charges with EBMUD. For fiscal year 2016, EBMUD provided assistance to tenants of 432 parcels by using its lien authority rather than terminating water service due to \$1,167,402 in delinquent charges. In accordance with EBMUD’s lien authority, EBMUD collects over 93 percent of these charges from the property owners through the property tax rolls and via liens imposed on the property. The ability to recover delinquent charges via lien authority rather than terminating water service and writing-off uncollected delinquent charges is beneficial to all EBMUD ratepayers. We believe that remedies such as the CAP and lien program for low-income residents, as well as partnering with local community agencies, serve as effective examples that could be replicated widely across the state, in many cases using existing authorities, and would contribute significantly to improvements in affordability for many disadvantaged communities and low-income ratepayers.

However, EBMUD’s efforts and programs alone do not provide sufficient relief for lower income communities due to the high costs of living in the East Bay. Water and wastewater services are only two components of a household’s expense and people are struggling to meet their basic needs due to the ever increasing costs of household necessities in the Bay Area. EBMUD’s ability to provide financial assistance is also restricted by Proposition 218 which limits the application of utility funds to assist low-income households. EBMUD continues to focus on operational efficiency, infrastructure optimization, and partnerships with other agencies to help keep rates reasonable and fair for all customers, including those with low incomes.

EBMUD is concerned about emerging proposals to impose a public goods charge on water purveyors’ customers as a means to finance rate relief for low-income households. We do not support this approach. Although a state assistance program would likely return some of the funds to benefit ratepayers in our service area, state transaction costs and redistributing those funds statewide will inevitably dilute that benefit and impair the ability of agencies to raise needed revenue for operations and necessary infrastructure. We believe insufficient attention

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has been given to developing and implementing local solutions that provide superior direct benefits and reflect local needs and conditions.

Any state level program should 1) assess and quantify the magnitude of the problem the program is intended to address, 2) be designed to address ratepayer affordability and take into account existing local programs, and 3) provide exemptions for agencies that are implementing a low- income assistance program. In this way, the state could more effectively target its efforts toward low-income residents that are not being served by a local program.

Drawing on EBMUD's experience with many customers with low or no incomes in our service area, and recognizing the water affordability and accessibility issues in rural communities, EBMUD has been working actively with the California Urban Water Agencies (CUWA) and the Association of California Water Agencies (ACWA) to understand the root causes of, and help identify statewide solutions to, these issues. EBMUD believes that the best approach for the SWRCB is to build on these efforts and partner with local agencies to identify comprehensive community solutions that holistically address the various challenges faced by low-income households.

We look forward to working with the SWRCB and other organizations to find durable, equitable solutions to affordability for all Californians.

Sincerely,

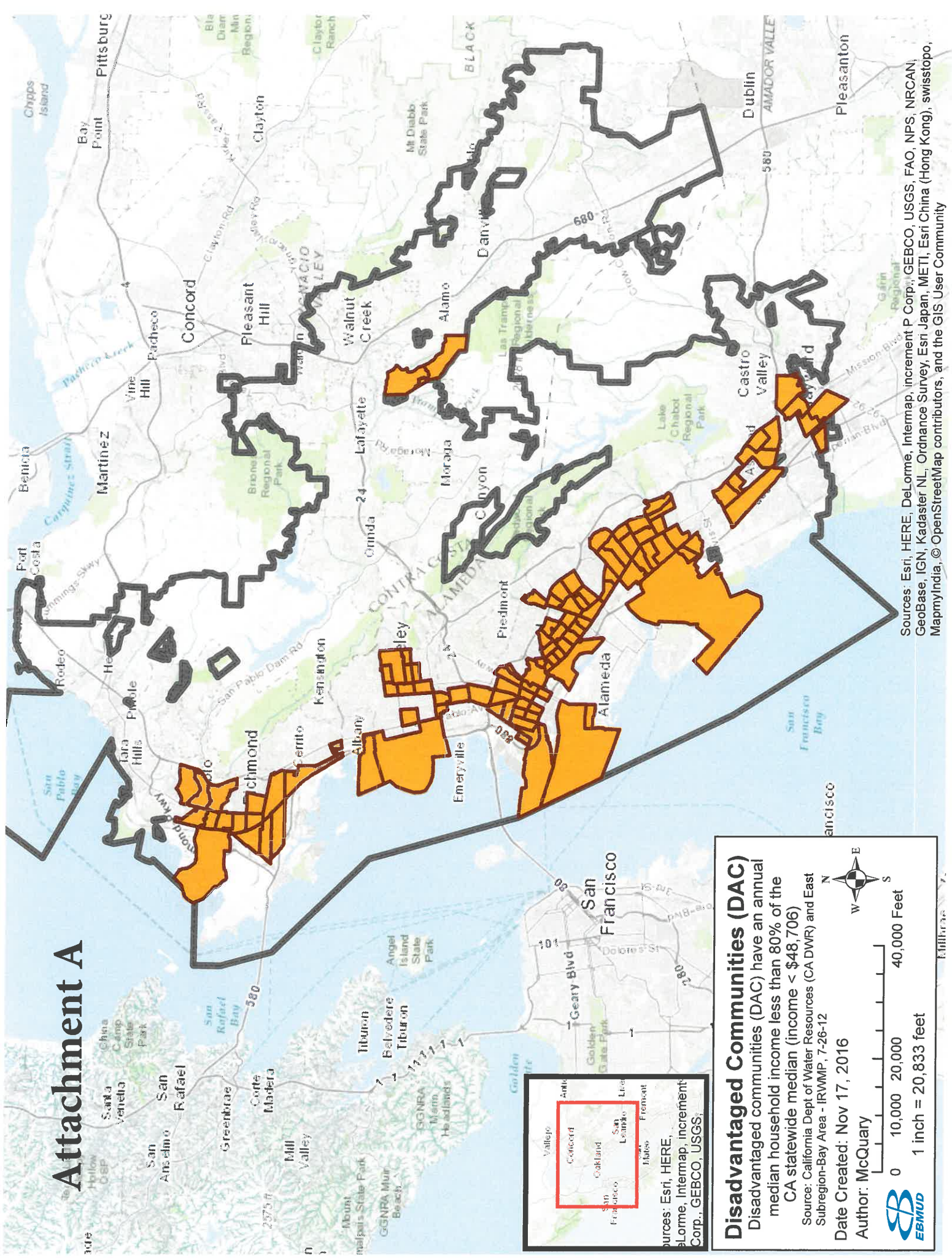


Alexander R. Coate
General Manager

ARC:SAH:db

cc: EBMUD Board of Directors
Sherri A. Hong, Manager of Customer and Community Services

Attachment A



Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Disadvantaged Communities (DAC)
 Disadvantaged communities (DAC) have an annual median household income less than 80% of the CA statewide median (income < \$48,706)
 Source: California Dept of Water Resources (CA DWR) and East Subregion-Bay Area - IRWMP, 7-26-12
 Date Created: Nov 17, 2016
 Author: McQuary

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS



Attachment B

