

Comments on Draft "Options for Implementation of a Statewide Low-Income Water Rate Assistance Program"

Offered by Amanda Rice, Cambria, California



### **Keeping the Bigger Picture in Mind**

One summer in the village, the people in the town gathered for a picnic. As they leisurely shared food and conversation, someone noticed a baby in the river, struggling and crying. The baby was going to drown! Someone rushed to save the baby. Then, they noticed another screaming baby in the river, and they pulled that baby out. Soon, more babies were seen drowning in the river, and the townspeople were pulling them out as fast as they could. It took great effort, and they began to organize their activities in order to save the babies as they came down the river. As everyone else was busy in the rescue efforts to save the babies, two of the townspeople started to run away along the shore of the river.

"Where are you going?" shouted one of the rescuers. "We need you here to help us save these babies!"

"We are going upstream to stop whoever is throwing them in!"

This effort to reduce the impact water rates on lower income families is worthwhile and commendable. But it is the equivalent of saving drowning babies downriver. To figure out solutions for the entrenched, complex and interconnected problems that are impacting the costs to live affordably our communities – not just slow down the rate at which things are getting worse – we must ultimately look upstream for a real solution. This effort is only a piece of the puzzle and would be less necessary if the state took strong action to raise the minimum wage.

### **About Draft "Options For Implementation Of A Statewide Low-Income Water Rate Assistance Program"**

Overview of suggestions and input offered:

- Consider Alternative F instead of the recommended program.
- Distribute the benefit with the beneficiary's financial needs in mind.
- Additional ideas for reducing the impact of water rates on household expenses.

Utilities are essential for maintaining a civilized life. No power, no gas, no water reduces the quality of life to that of the third world. This conversation to help address the cost burden of water bills for those who can least afford it is long overdue. The draft prepared for your consideration provides excellent information regarding the need for a statewide program, some good examples of what is done elsewhere, and a fairly thorough explanation of the alternatives and methods considered. As a member of a local agency that provides water, I was glad to see the recognition that small-medium sized districts often simply do not have the resources or staff needed to develop a LIRA program, nor the ways to legally cover the costs.

### **Please Consider Alternative F instead of the recommended program**

I ask that your Board consider exploring Alternative F<sup>1</sup> further. It may be a better option for everyone in the long run than the recommended percent-of-the-bill/tiered program. Please consider:

<sup>1</sup> Draft appendices, p 27.

1. The recommended program includes proposed tiered benefits that acknowledge local agencies may have significantly different cost burdens. However, the administrative cost estimates seem optimistically low for implementing, distributing the benefits, and monitoring the tiered, percentage-of-the-total-bill benefit.
2. Alternative F would "pencil out" more favorably and cost less than the draft estimates if
  - a. the long-term impacts and costs for the recommended program and alternative F are calculated more realistically
  - b. the "cap" is raised slightly above \$30.32 that the draft report suggests. (\$30.32 is 1.5% of the monthly FPL income for a household of four.) Using a slightly higher percentage to calculate the cap would go a long way to reducing the direct cost of this program.
  - c. landlords/property owners that are not the residents served are required to validate the benefit is realized by the eligible household.
3. The reasons offered against alternative F *do not make sense*. The concern that "this approach does not incentivize water systems to maintain low drinking water retail prices In fact, this scenario may wind up effectively subsidizing or incentivizing the continued operation of inefficient and/or high-profit water systems, rather than the lowering of rates at the system level." is out of place. Limiting operational inefficiencies and incentivizing lower overall rates are *beyond the scope of an affordable water program*. As you know, there are already other mechanisms in place to address these concerns. Proposition 218 and other state regulations limit retail water rates to "the actual cost of providing water" - a strong incentive, since "over-priced" retail water rates represent a risk of legal action for districts that do not adhere to this limitation. This also conflicts with the assumption elsewhere in the draft that current CWS rates are justified/justifiable and any program must make the CWS financially "whole" while reducing the out of pocket costs to eligible households.
4. Alternative F would incentivize cooperation with the State program, since money to cover the benefits given to eligible households is paid to the CWS directly, based on reporting. CWS have good reason to sign eligible households up so they can be paid and those who qualify would see the reduction of their living expenses from the program. Under the recommended program, it would be very difficult to ensure reduced living expenses for households who do not directly pay their bill, since rents and other fees (e.g. through CC&R dues) may include an amount for water rates are not within state or CWS authority to control.

### **Distribute the benefit with the beneficiary's financial needs in mind**

Two critical questions about distributing the benefit for this voluntary, opt-in program aren't clearly answered in the draft: *what is the problem you are trying to solve and for whom?*

Each alternative described focuses on eligibility criteria, benefit to be provided and methods for making a CWS financially whole. Almost no focus is given to the actual human beings; the families, the children, the elderly, the "eligible households" intended to be the beneficiaries.

Please consider:

1. None of the described methods for distributing the benefits seems to consider the effect on the individual eligible households. For people living paycheck to paycheck, most of the distribution methods are unlikely to ease monthly household utility costs in a way that is helpful. Alternative F reimburses the water district, which can pass that on to the eligible customers in the form of a lower water bill.
2. Social norms and attitudes around programs intended to help will keep some households from utilizing those programs. Combined with the cost, in time and effort, for a real person to show eligibility is probably part of the reason these programs aren't used by 100% of the eligible households. I can imagine comments from rate payers like "Why should I bother filling out forms and gathering my tax returns/paystubs and other information requested for less than \$15 a month on a bill that includes an amount for sewer that is double the amount for water?" Or, "Why should I give up my right to keep my income level private, rather than making it the CWS's business?" Additionally, the cultural shame felt by some is a very real deterrent for many folks on the upper edge of the income eligible range. The average pay in 2017 for many public school employees, including teachers, in at least 100 districts<sup>2</sup> is under 200% FPL for one-person households, with many more likely to qualify depending on household size. There are probably even more employees at special districts and even some cities who would be income eligible.
3. How will a W-LIRA program be appropriately applied to the variety of owner/renter/bill-payer structures? Landlords who pay the water bills should only see a benefit if there is a corresponding reduction in the rent charged to eligible tenants. The law enacted by SB998 addresses this conundrum a bit, but may not address every circumstance. Rental property ownership is a business. As such, there are costs to being a landlord. As a renter, I cannot write off my water bill (or any other utility bill) as a "cost of doing business", while landlords may be more likely to be writing off those costs, even if they are passed through as part of the rent. Providing the benefit to landlords is likely to add to the income inequality problem. Additionally, the administrative costs of the recommended percent-of-the-bill/tiered program would be even greater for monitoring to ensure the benefits are going to eligible households, rather than landlords.

**Two additional ideas for reducing the impact of water rates on household expenses:**

1. Eliminate shut-off and late fee charges  
The recently enacted SB998 restricting of delinquency and shut off charges for eligible households help reduce the cost burden to individual households. Water service should not be interrupted for non-payment as a matter of health and safety and to conform with the human right to water. Removing or eliminating the additional fines and fees for non-payment would have a very real impact on the out-of-pocket costs of being poor. Late fees, which are intended to incentivize timely payments, add to the financial strain and are unlikely to deter late payments for lower income households. Households who don't pay on time often simply have no money available to pay the bill on time. When my water was shut off for non-payment, it wasn't because I was lazy or "didn't feel like paying" or spent my money on unnecessary things like alcohol or a

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<sup>2</sup> State of California - State Controller's Office Compensation in California

Ferrari...I actually didn't have the money, had no way of getting money until my next meager paycheck, which I needed to pay my rent and keep the power and internet on so I could work.

2. CWS should bill every month, rather than bi-monthly or less frequently.

Our CSD bills 6 times per year, every other month. Living paycheck to paycheck, the months when no bill is due are a blessing, but it would be better for my cash flow if the district billed monthly, so each bill is lower (even though they are more frequent). This makes it easier to scrape the money together before the due date.

Finally, please include the 2019 FPL actual dollar amounts along with the "200% FPL". Using the actual numbers as of today rather than only the generic/technical percent makes it easier to understand for all rate-payers. Not everyone will look it up.

Thank you for the opportunity to participate in this process. Any questions or clarifications can be directed to me at [CambriaMaven@gmail.com](mailto:CambriaMaven@gmail.com) or 805-909-0814.

### **About commenter Amanda Rice**

I have been an elected member of the Cambria Community Services District Board of Directors since 2012 and an advocate for better resource management and water efficiency for over a decade. I am submitting this feedback *as an individual citizen and water user*, not as a member of the CCSD Board and, while they may agree with the positions here, ***these comments should not be construed as the District's official position***. The deadline to comment on the draft did not allow for our district to review and approve comments prior to the deadline.

My comments are informed by a close reading of the draft and appendices and my first-hand experience over the last 18 years, including:

- living in Cambria since 2001 (where I have been an individual rate-payer who has owned a home, rented from landlords who did not pay the water bill and one landlord that pays the entire bill without regard for my use, all within the same district),
- earning just over 200% of 2019 FPL (~\$35,000 annual) and paying 80% of my income for rent
- participating in a successful Prop 218 rates protest in 2007 (as an activist),
- reviewing and commenting on the 2010 and 2015 UWMPs for Cambria,
- serving as an elected member, since 2012, of a CSD that provides water and sewer services
- serving on the CCSD Board's ad hoc committee for rate studies through three Proposition 218 processes (Annually, Cambria CSD provides about 700 AF water from two small watersheds in our coastal unincorporated community's 6,000 residents plus tens of thousands of tourists.)

Respectfully yours,

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