

April 2, 2020

MEMORANDUM

To: SLVWD Board of Directors
From: Friends of San Lorenzo Valley Water (FSLVW)
Re: Low Income Ratepayer Assistance (LIRA) Programs -- Recommendation for Action

Background:

FSLVW recently submitted a report on Low Income Ratepayer Assistance (LIRA) programs to the District, stressing the need to assist those ratepayers with limited resources and suggesting that SLVWD investigate the advisability and feasibility of introducing such a program for our district. The sudden impact of the corona virus pandemic has made the need for a LIRA program more urgent. We are therefore submitting this memorandum to encourage the board to take action as soon as possible. We have conducted additional research on costs and implementation steps, presented here, to assist the board in its deliberations.

Coverage and Costs

As discussed in our report, the easiest way to implement a LIRA program would be to piggyback onto PG&E's CARE program. CARE provides significant discounts to low income PG&E customers (30-35% discount on electric bills and 20% on gas bills). To be eligible your income can be up to 200 percent of the federal poverty guidelines (\$34,480 or less for households with 1-2 people, with higher limits for larger households). SLVWD ratepayers would be eligible for the LIRA program by establishing that they are enrolled in the CARE program (by simply submitting a copy of their PG&E bill). This method is used by other water districts and greatly simplifies administration, saving staff time.

The attached spreadsheet provides data on CARE program enrollments (submitted to us by Stephanie Hill at the district). We have estimated the number of SLVWD ratepayers who would be eligible (1,501) for CARE (and therefore would be eligible to apply for a LIRA program) and how many of SLVWD ratepayers are actually enrolled in CARE (841). These are rough estimates because the geographic area used by PG&E does not match SLVWD boundaries, there are more PG&E connections than SLVWD hookups in our district, and we included all hookups, including commercial and industrial, even though these ratepayers would not be eligible. The potential and actual numbers of enrollees are probably significantly lower for these reasons.

As shown in the spreadsheet, costs depend on the amount of the monthly discount and the number of ratepayers who actually enroll. Assuming a minimum discount of \$10/month and a maximum of \$20/month, annual costs to SLVWD would range from approximately \$100,000/year to \$360,000/year.

Recommendation

We suggest the SLVWD Board adopt a resolution expressing the intent of the district to implement a LIRA program as soon as feasible, instruct staff to conduct the necessary research and have staff report back to the Board on program implementation options and costs. We suggest that the program start modestly, with a \$10/month discount be used initially and that a

cap of \$100,000 be placed on the program, with ratepayers being enrolled on a first come first serve basis (a procedure used by other districts). This will allow the Board and staff to evaluate the program and make any adjustments before making a larger financial commitment. We would support the Board and staff if a decision is made to start the program more modestly or aggressively, with a higher discount and/or an alternative cap or no cap on costs.

Note that funds for a LIRA program cannot come from water rate income; the district would need to use property tax revenues or another funding source.

Rationale – Why a LIRA Program Instead of Forgoing the Rate Hike

We applaud the district and the Board for making assistance to low income ratepayers a priority and for announcing that there would be no water shut offs during this extraordinary pandemic, which is creating such financial hardship for many ratepayers. In recognition of those hardships, a proposal was made at the last board meeting to forgo the next rate hike. We believe this would have long-term adverse effects on the district. It would jeopardize the district's financial health, its ability to address critical infrastructure upgrades and watershed protection activities, and could result in staff layoffs. Moreover, it is not an effective means to reach the goal of assisting low income ratepayers. We believe that SLVWD ratepayers would choose a LIRA program over a broader rate reduction if educated about the options and benefits.

A LIRA program would be much more effective for the following reasons:

- Foregoing the rate hike does not target low income ratepayers and rewards the higher water users, who are more likely to have the resources to pay the increased rates.
- The rate increase is so modest (\$2-4/month for each rate payer, depending on amount of water use) that it will **not** provide a meaningful benefit to those in financial distress) while a LIRA program would offer a significant benefit to those in financial distress.
- By adopting a LIRA program, the district will be alerting low income ratepayers to PG&E's CARE program, in which many are not currently enrolled, potentially adding even more benefits.
- The cost of a LIRA program to the district is significantly less than the revenues that would be lost if the rate hike is not implemented.

Foregoing the rate hike amounts to a symbolic gesture by the district that would harm the district's long-term operations without providing real help to low income ratepayers. We urge the board to consider a LIRA program as an alternative.