



# Utility Customer Assistance Program

Utility Advisory Committee

April 5, 2018

# City Council Request

## Evaluate options for the Lifeline program

- Consider providing assistance to more low income households

## Provide recommendations to Council

- Initial thoughts to the Finance Committee, May 16

## Formal recommendation to Council, September/October

- Include implementation specifics

# Olympia Utility Rates

Typical single family residential bill \$250 - \$270/bimonthly

Average multifamily cost \$129/bimonthly

Annual rate increases

- Two year average 3%
- Five year average 3.6%

LOTT portion of the bill \$77/bimonthly (30%)

- Limited City influence

# Goals for Municipal Utility Costs

## Based on national research

- Try to keep utility bills less than 1.5% of median household income
  - Olympia median income \$76,000 (family of four)
  - Typical annual utility bill \$1,500
  - Olympia is at 2%
- If income at poverty level of \$24,000 (family of four), Olympia's utility bill would be at 6.2%.

# Olympia's Current Lifeline Program

# Current Lifeline Program

Reduces utility rates by 50% for households that are:

- Low income and disabled, or
- Low income and over 62

Other assistance includes

- Rates partially based on volume of water consumed and wastewater generated
- Flexible payment plans
- Water conservation incentives
- Occasional Community Chest assistance

# Lifeline Income Thresholds

The combined household income must be less than:

- 1 household member \$26,750
- 2 members \$30,550
- 3 members \$34,350
- 4 members \$38,150

Well above poverty levels – but restricted by age and disability criteria

# Lifeline Utility Costs

## Given +/- 240 Lifeline accounts

- Total subsidy: \$180,000 including LOTT
- Percent of total revenue: 0.35%
- Annual cost for typical SF ratepayer: \$6.40
  - Nonresidential accounts pay proportionately

## By Utility

▪ Drinking Water	\$49,000
▪ Wastewater	\$24,000
▪ LOTT	\$46,000
▪ Waste ReSources	\$42,000
▪ Stormwater	\$19,000

# Regional and National Trends

Increasing topic in municipal and professional circles

## Numerous nationwide examples

- Vary substantially
- Typically link to poverty levels
- Some simple, some complex
- Most States restrict programs – limit subsidies between users
  - Washington and Oregon do not

# Olympia Incomes

# Evaluating Olympia Income Levels

Typical variables – Income, household size, age

## U.S. HUD delineations

- Overall poverty levels
- Low, very low, and extremely low incomes by family size (\$61,050 - \$24,600)
  - Relative to Olympia median income (\$76,300 for family of four)

## U.S. Census Bureau

- Poverty thresholds
  - One person household, under 65: \$12,752
  - One adult/one child household: \$16,895

# Low Income Population

Residents with income below the poverty level – 8,260 or 17% - 18%

- Families below the poverty level – 10.8%

Est. number of renting households with “extremely low income” –  
3,180

- Affordable rent for two adults/one child - \$516/month

# Olympia Housing

# Olympia Housing Data

Population – 46,000

- Households – 21,200

Total single family homes – 14,270

- Of these, about 4,000 are rentals

Apartment units – 9,440

Mobile homes – 620

About 3,500 renters pay utility bills

High rental rate per capita – 52%

High rental rate among poor – 88%

# Potential Targeted Population

## For Olympia

- Extremely low income.....318?
- Very low income.....530?
- Low income.....848?
- Below poverty level.....826?

Research indicates that only 10% of those who are regularly disconnected from water service due to non-payment....do not apply or are not eligible

And many others rent and do not pay utilities

# Expanding Customer Assistance

# Rate Implications

## Currently

- 240 participant - \$1.05/month subsidy

## Potential

- 500 participants - 0.35% rate increase, add \$1.05/two months
- 1000 participants - 1.05% rate increase, add \$3.15/two months

Or could lower subsidy (<50%) or use a tiered subsidy

- Increasingly difficult to administer

# Other Assistance Tools

- Flexible pay schedules (In place)
- Volumetric billing (In place)
- Crisis vouchers...one-time credit
- Voluntary “Help Your Neighbor” program
  - Example – Population of 83,000 generated \$500/month (5% participation)
- Debt forgiveness
- Water conservation assistance

# The Hard to Reach - Renters

The lower your income, the more likely utilities are paid through rent

Very difficult with only limited examples

- Seattle – City Light administered discount (same City billing system)
- Portland – Up to \$500 utility voucher to housing assistance programs
  - Goal of helping 1,200 renters

However, multifamily average cost is \$129 compared to \$250 - \$270/bimonthly for single family homes

# Implementation

# Scope of Assistance

## Financial

- Level of subsidy – 50%? 25%? Tiered?
  - Multifamily renters pay already pay half as much as single family
- Extent of subsidy – potential number of participants
- Rate impact - acceptable cost to traditional ratepayers
- Participation of LOTT
  - Would need to revisit Interlocal agreement....2019?

## Social

- Hard to Reach participants
  - Non-profit role?

## Administration

- Simplicity, effectiveness, cost

# Examples – Other Cities

Bellingham	\$40,000 household income and 62 or disability, 75% discount
Edmonds	\$35,000 - \$40,000 tied to RCW regarding property tax exemptions
Portland	\$23,100 – \$44,412 without age or disability requirement Below 60% of State median income (\$30,000), discount of \$50/month
Seattle	\$34,000 50% discount Also debt forgiveness
Philadelphia	\$36,900 with flat rate bill

# Measuring Program Effectiveness

- Disconnects as a percent of accounts
- Percent of program funds utilized
- Percent of customers who apply but are rejected
- Eligible customers who do not apply