



Rates and Affordability

Utility Advisory Committee
June 1, 2023

Utility Rates

- Set by each utility independently based on their unique expenses, policy decisions and regulatory requirements.
- Cost of Service based.
- Rate Studies typically performed during Master Plan processes for utilities or as a result of this process.
- Depending on housing type may or may not be paid directly by the occupants (Owner/Renter/Multi-Family).

Factors Affecting Rates

- Community level of service expectations
- Differing and increasing regulatory environments
- Age of existing infrastructure
- Increasing cost of infrastructure upgrades/maintenance
- Source of water supply
- How proactively system improvements and deferred maintenance are being addressed.

Factors Affecting Rates

- Demand patterns in community
- Local rainfall
- Climate impacts and goals
- Growth and development pressures
- Community economic development goals
- Customer base

What is Affordability?

Household level affordability different from the community/system capability.

“Affordability” is a multi-faceted term that can be described in many ways. A common definition of affordable is “reasonably priced” (relative to value) and “accessibly priced” (relative to income).

The ability of a customer to pay their utility bill in full and on time without impacting their ability to pay for other essential expenses.

Driven by unique local area demographics and economic factors in combination with prior listed factors.

Metrics Used to Assess Affordability

- Various metrics used to assess rate affordability for a community in whole and specifically for vulnerable demographic groups.
- Water and Sewer most typically assessed.
- Sometimes Storm and Surface Water.
- Garbage and Recycling much less data and research due to private nature of most collection systems

Traditional Median Income Based

- Percentage of median household income (Olympia 2017-21 - \$67,975)
- Base on a typical water use per household
- Water Only 2.0 – 2.5% (EPA)
- Combined water/sewer 4.0 - 4.5% (EPA)
- Measure of community level capacity to support needed infrastructure costs
- Misses impacts on low-income households

Low-Income Household Burden

- 20% percentile of household income instead of median (50%)
- Better indicator of affordability for more vulnerable households
- Less than 7-10% considered affordable
- Approx \$24K year (Olympia 2021)

Hours at Minimum Wage

- Hours needed to pay typical bill working at local minimum wage
- 8 hours/month for 4-person household has been floated as an affordable metric for combined water and sewer. (4.6% of full-time month)
- Olympia (2023) 8 hours * \$15.74 = \$125.92/month

Poverty Prevalence

- % of households below 200% of Federal Poverty Level
- Indicator of financial capacity of community to pay true cost of service without affordability challenges.

2023
100% FPL incomes

Persons in family/household	Poverty guideline
1	\$14,580
2	\$19,720
3	\$24,860
4	\$30,000

Olympia Metrics (Water Services)

Drinking Water, Sewer/LOTT, and Storm & Surface Water

- UGA as service area for demographics (accurate for Drinking Water and Sewer)
- At 5000 Gallon/month water use (Approx \$110/month in 2021)
- Traditional (MHI) – 2.2%
- Minimum wage hours – 7.6
- Household burden (20% income) – 5.6%
- Poverty Prevalence (200% federal) – 28.4% (18% in Olympia-Lacey-Tumwater)

2021 census and rates data from for Olympia

<https://nicholasinstitute.duke.edu/water-affordability/water-affordability-dashboard/>

Waste ReSources

- Waste Management Plan conducted a Cost of Service Study with Recommendations:
 - Conduct rate study after plan adoption that focuses on Residential
 - Balance the Residential Program (review rate profiles)
 - Look Rate Bundling of Organics (increases diversion and provides equity)
 - Consider who could be impacted by or benefit from policy recommendations (Lifeline Program & Helping Neighbors)
 - Create a multi year rate model

Utility Assistance Program

- Lifeline Rates
- Helping Neighbors

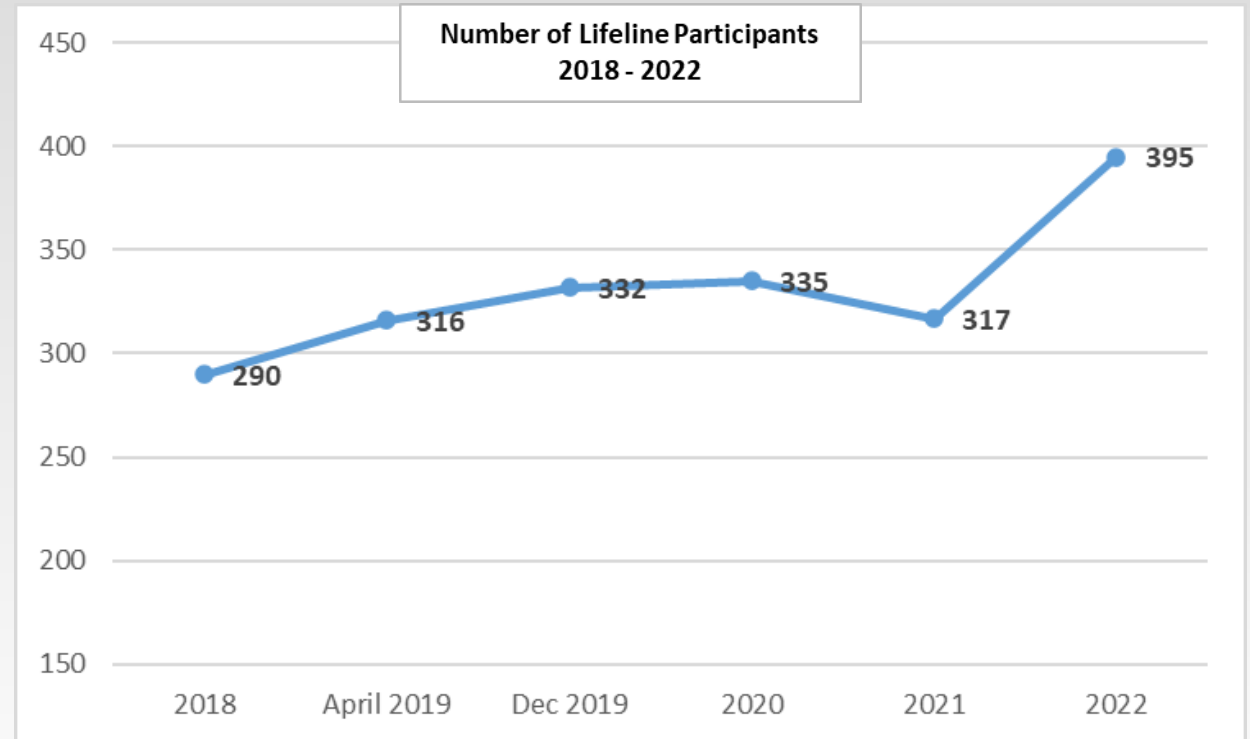


Lifeline Rates

Criteria to qualify:

- Low income AND disabled, OR
- Low income AND over age 62


50% reduction in utility bill



Helping Neighbors: Charitable Fund Program

Established July 2021

- \$5,000 from the utilities to establish the fund
- Voluntary contributions via utility bills.
- The Community Action Council, a local non-profit, administers the program through a PSA with the City.
- Low-income customers can receive \$75 twice annually to help pay their utility bills.



Donate to the Helping Neighbors program:

The new City of Olympia Helping Neighbors program is accepting donations from customers. Donations are accepted in any amount and all proceeds help low-income customers who need assistance paying their City of Olympia utility bill.

Visit olympiawa.gov/utilityhelp to learn more, or call 360.753.8340.

Look for the payment coupon section of your utility bill to donate!

Helping Neighbors Donation

Enter a donation to help your low-income neighbors pay their utility bills.

Donation Amount: \$ _____ (indicate any amount)

This amount will be added to your City of Olympia bill as a recurring charge. If you wish to stop the donation, do not pay and it will expire at your bill.

Payment Coupons

- Do NOT write or staple notes to bill
- Payment options and glossary on back
- Questions? Call 360.753.8340, Ext. 3, 4, 5

Olympia

Need to apply to the Helping Neighbors program? See reverse side for details.



Need Assistance with your Bill?

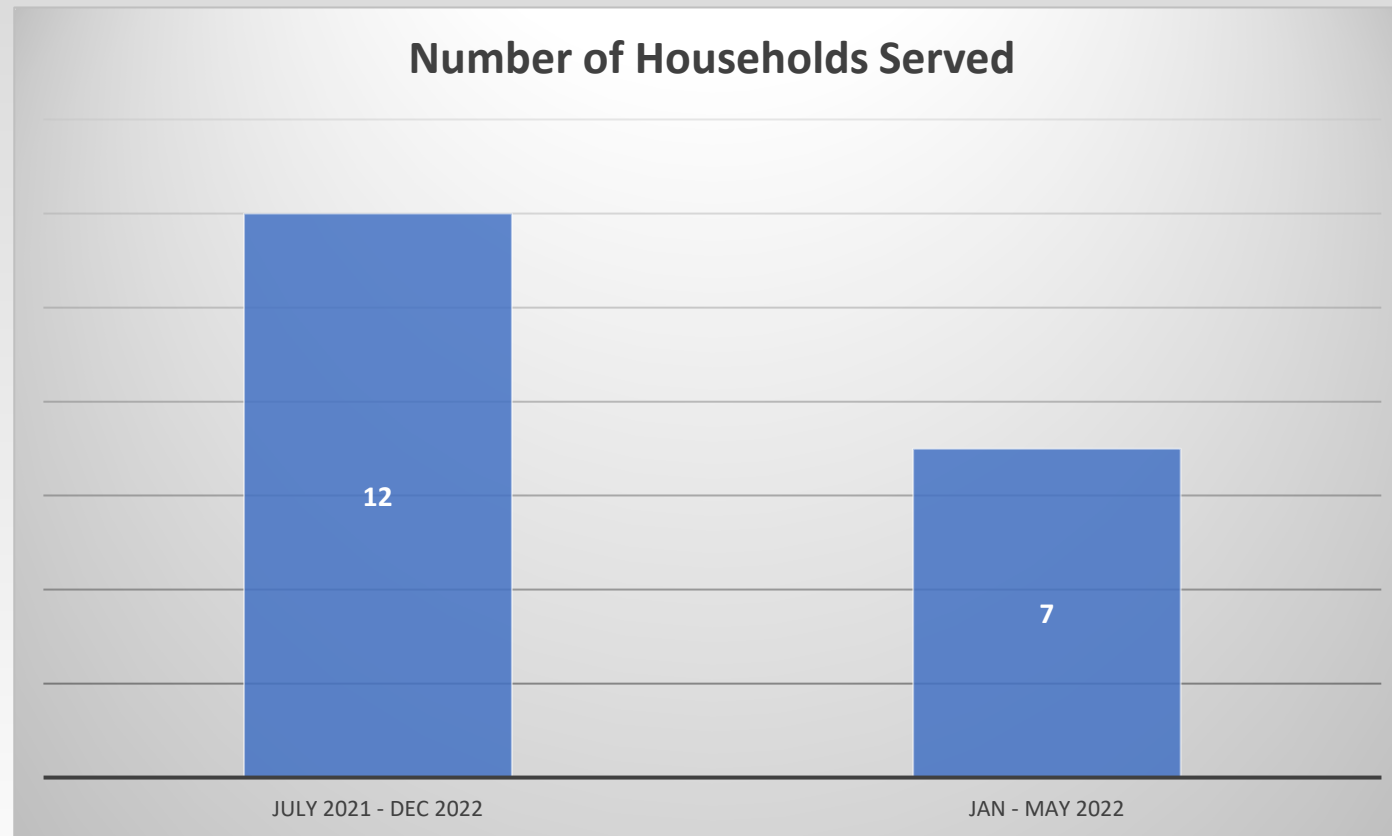
If you are past due on your utility bill and low-income, you could receive assistance from the new Helping Neighbors program. Qualified customers can receive \$75, twice per calendar year. Follow these steps to get started:

1. **Account Past Due:** You received a past due notice from the City.
2. **Income Limits:** Visit olympiawa.gov/utilityhelp or call 360.753.8340 to see if you meet the income limits, based on household size.
3. **Set up an Appointment:** If you meet steps 1 and 2, call the Community Action Council at 360.438.1100 to set up an appointment. They will help you apply for the Helping Neighbors program.

Olympia

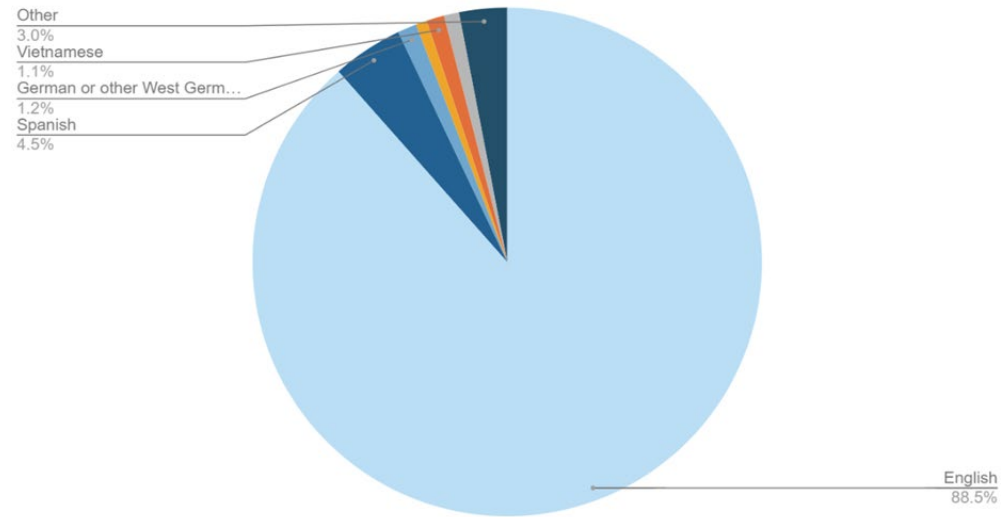
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Helping Neighbors: Charitable Fund Program



Barriers

Language Spoken at Home for Individuals 5 Years and Over
Thurston County (2017-2021)



Renters/Multi-Family Housing:
Utility costs are built into the monthly rent.



Outreach

Outreach Efforts:

Targeted utility bill insert (Aug 2021)

Five Things (twice since July 2021)

Timely Topics on utility bill

City staff informational table/flyers at Food Bank

Flyers and info on the TV monitor

City staff - word of mouth (City Hall front desk and Utility Billing)

TCTV Ad (local channel 3)

Upcoming Outreach Efforts:

Cross message with the City's affordable housing program.

Translate materials and application.



Targeted bill insert



TCTV Ads





Questions/Discussion