



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