Affordability
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AGENDA

• Governing Laws
• Modern Enforcement
• Historical Federal Assistance
• Customer Assistance
• Models
  • LIHEAP
  • SNAP
  • SRF
• Summary
• Next Steps
GOVERNING LAWS

• Water Utilities
  • Title XIV of The Public Health Service Act: Safety of Public Water Systems (1944)
  • Safe Drinking Water Act Water Utilities (1974)

• Wastewater Utilities
  • The Federal Water and Pollution Control Act (1948)
  • Clean Water Act (CWA) (1972)
    • The CWA made it unlawful to discharge any pollutant from a point source into navigable waters, unless a permit was obtained.
CSO Consent Decrees

Nationwide there are currently 38 cities under a Federal CSO Consent Decree (Source: EPA, May 1, 2017)

Financial Capability Assessment (FCA)

Sewer Bill at 2% of MHI

Kansas City

25 years – September 27, 2010

$2.1 Billion in 2008 dollars ($4.0-$4.5 Billion w/inflation)

The sewer portion of the bill has tripled over the last 10 years

27% of households are below $25k in annual income (Source: American Community Survey for 2015)
FEDERAL ASSISTANCE

• Historical View
  • Grants
    • In the 1950’s, 1960’s and 1970’s
    • Fazed out in the 1980’s
  • Loans and Loan Subsidies
    • State Revolving Funds (SRF)
      • Subsidized interest
      • Subsidized principal
Not much savings is derived for the ratepayer from using an SRF loan vs. using a conventional tax free municipal bond.
CUSTOMER ASSISTANCE PROGRAMS

- Nationwide
  - Federally funded programs under consideration:
    - Water Resources Development Act (WRDA)
  - Federal support is appropriate since many of the clean water investments are necessary to meet federal Clean Water Act mandates
  - Only 28% of all water utilities in the U.S. offer customer assistance support to their ratepayers.

KC Water Customer Assistance Program

• Partnership with the Mid-America Assistance Coalition
• Helps customers who are unable to pay their water bills
• Committed $2 million in funds since 2009
  • $400,000 for FY18
• More than 6,300 customers assisted
• Funded by existing customer late fees

Customer Assistance Program Information Line: 2-1-1 or 816-474-5112
KC Customer Assistance Criteria

- Income at or below 185% of the 2017 U.S. Poverty Guidelines for the 48 contiguous states published by the Department of Health & Human Services.
  - Currently $37,777 for family of 3.  

- Must be an active Kansas City, Missouri Water Services Department (KC Water) customer.

- Customer account number must be captured and recorded for the client.

- Resident of Kansas City, Missouri.

¹ Source: Department of Health & Human Services [https://aspe.hhs.gov/poverty-guidelines](https://aspe.hhs.gov/poverty-guidelines)
KC Customer Assistance Criteria, cont.

• Program assistance is for KC Water water, wastewater and stormwater bills.

• Eligible applicant can receive a maximum of $500.00 in program assistance within a rolling 12 month period.

• Program assistance may be used for a current KC Water bill or a payment under a KC Water settlement.

• Applicant must have made a payment from personal funds on the KC Water bill for which applicant is seeking help within 90 days of the date of application.
ORGANIZATIONS SUPPORTING CUSTOMER ASSISTANCE PROGRAMS

- NACWA – National Association of Clean Water Agencies
- WEF – Water Environment Federation
- AWWA – American Water Works Association
- WRF – Water Research Foundation
- U.S. Water Alliance
LIHEAP MODEL – LOW INCOME HEATING & ENERGY ASSISTANCE PROGRAM

• **Key Features:**
  - HHS program providing aid for heating and cooling bills.
  - Funded through annual appropriations
  - Administered by States
  - Income guidelines determine eligibility (150% of poverty level is max limit)
  - Community Action Agencies can assist in administering

• **Pros:**
  - Proven program with a rationale and structure that is adaptable to other types of utilities.

• **Cons:**
  - Funding through the appropriations process has faced downward pressure for several years and that is likely to continue.
SNAP MODEL – SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

- **Key Features:**
  - USDA program providing assistance to buy food.
  - Mandatory (entitlement) spending program that provides payments to eligible recipients.
  - Block grant program for the States. Gives States leeway on implementation.
  - Income eligibility requirements (130% of poverty level)

- **Pros:**
  - Provides guaranteed payments to recipients without the uncertainty of an appropriations process.

- **Cons:**
  - Creating a SNAP type “entitlement” program would require budget offsets in the form of increased revenues or reduced spending.
SRF MODEL – STATE REVOLVING FUND

• **Key Features:**
  • EPA program that provides low cost (below market) loans to water utilities for the construction of clean water projects.
  • Administered by state agencies. In Kansas City, the Missouri Department of Natural Resources reviews SRF applications.

• **Pros:**
  • Below market interest rates for low cost financing.
  • Can incentivize utilities to make substantial water infrastructure investments

• **Cons:**
  • Limited in terms of the kinds of projects that qualify.
  • Minimal savings to the ratepayer in the long run.
  • Administrative Complexity
SUMMARY

• Federal unfunded mandates create additional financial pressure on water and wastewater utilities.

• Water and Wastewater rates are increasing at a faster rate than incomes in order to adhere to these requirements on utilities.

• Water Ratepayer Assistance Programs (WRAP) are essential customer assistance programs that are needed nationwide.
  • Provide assistance to the neediest customers
  • Enable water and wastewater utilities to maintain financial stability.

• LIHEAP, SNAP and SRF provide models from which a WRAP program could be developed.

• A WRAP that is similar to the LIHEAP model may be the easiest to implement because it is seen as “assistance” rather than “entitlement”.

NEXT STEPS

• Develop a WRAP initiative that NACWA, AWWA and similar organizations can use to generate interest from other potential partners.

• Develop a coordinated effort among various interest groups (AWWA, WEF, NACWA, etc) to promote a WRAP model.

• Engage local and state leaders who would support a potential WRAP initiative.

• Utilize our organizations government affairs teams to engage administration and congressional officials to introduce, file and eventually pass legislation that will assist water and wastewater ratepayers.
THANK YOU