



# Water Affordability

**Affordability Study and System Assessment**

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# Presentation Outline

1. Introduction / Scope
2. Water Affordability: Issues & Industry Trends
3. Preliminary Research
4. Next Steps

# Water Affordability

## 1. Introduction / Scope

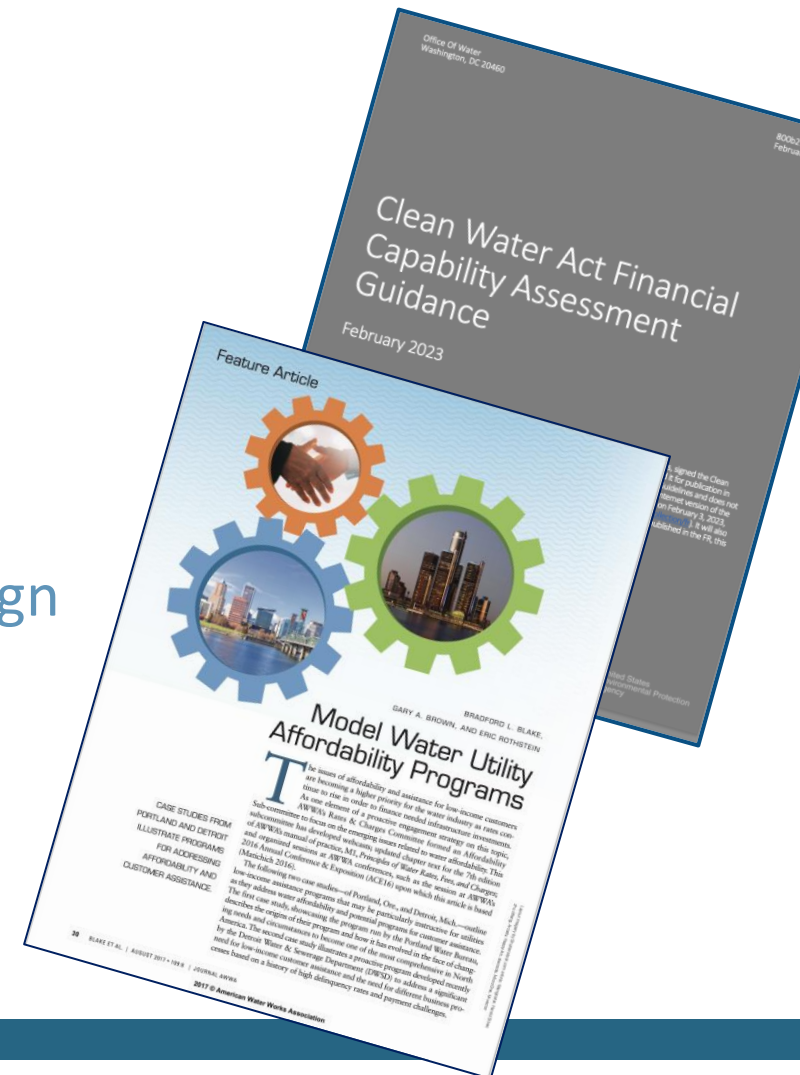
# Introduction: Eric Rothstein, MA, CPA



- Education / Expertise
  - Ripon College (BA – Economics, History)
  - University of California, Davis (MA – Economics)
  - AWWA / WEF Ratemaking Manuals of Practice
  - Financial Capability Assessments – Consent Decree negotiation
  - Water system capital financing – bond feasibility studies
  - Water affordability assessment / Customer Assistance Program design
- Notable Projects / Clients
  - Jefferson County, AL
  - Detroit, MI
  - State of Michigan: Flint Water Advisory Task Force
  - City of Atlanta
  - Industry associations: AWWA-NACWA-WEF

# Affordability Study and System Assessment: Scope

- Project Orientation / Stakeholder Engagement
- Water Affordability / Financial Capability Assessment
- Customer Assistance Program Design

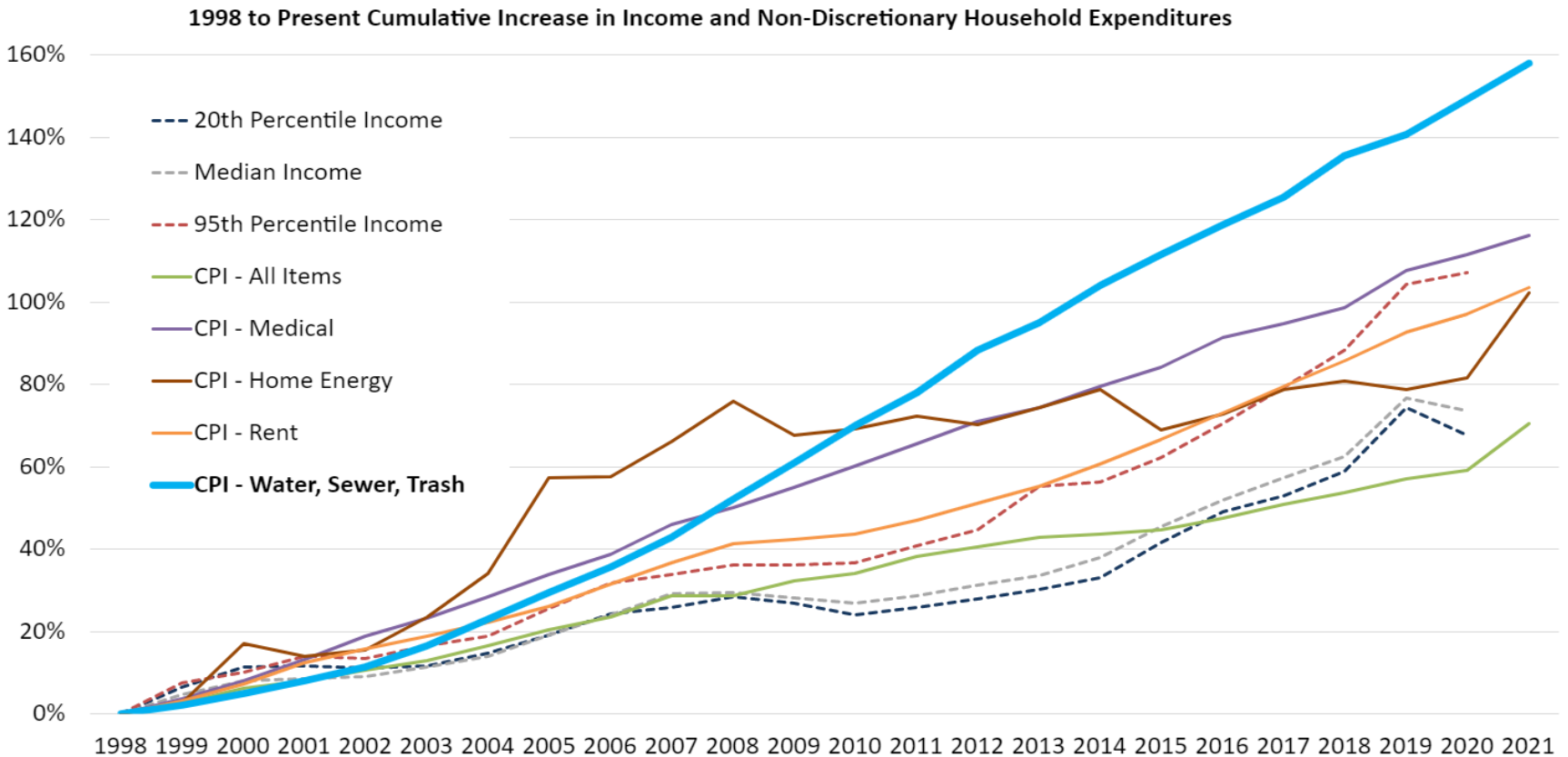


## Water Affordability

# 2. Issues and Trends

## Issues and Trends

# Water Service Cost Trends



2023 Low Income Water Customer Assistance Program Assessment Study, February 2023, p. 3-2

Source data: Federal Reserve Economic Data and U.S. Census

# Five Pillars of Affordability\*

1. Quality

2. Efficiency

3. Rate Design

4. Income-Qualified Assistance

5. Delinquency Management

- See Manny Teodoro, Pillars of Affordability, May 31, 2023
- <https://mannyteodoro.com/?p=3988#>



# Water Bill Affordability Measurement

- Residential Indicator
  - Bill (or calculated Cost Per Household) as % of Median Household Income
- Lowest Quintile Residential Indicator
  - Bill (or calculated CPH) as % of Lowest Quintile Income
- Affordability Ratio at the 20th income percentile ( $AR_{20}$ )
  - Basic water and sewer costs\* as a share of disposable income
- Hours at Minimum Wage
  - Basic water and sewer costs converted to hours at min. wage
- No. or Percent of Accounts Disconnected for Non-Payment

\* Basic water usage frequently set at 50 gallons per capita per day (gpcd)

# Customer Assistance Program Design

- Eligibility criteria
  - Income screening vs categorical
- Forms of Assistance
  - Bill assistance
    - Regular or one-time (for emergency / hardship)
  - Delinquency management
    - see next slide
  - Plumbing assistance
  - Education



## Water Affordability

### 3. Preliminary Research

## Preliminary Research

# U.S. Census Data: Quickfacts Prichard & Chickasaw AL

	U.S.	Chickasaw, AL	Prichard, AL
Population Estimates	333 M	6,310	18,870
% Black or African American	13.6%	49.2%	90.1%
% White	75.5%	44.6%	8.8%
Housing			
Owner Occupied Housing Unit Rate	64.8%	47.7%	56.1%
Median Value	\$281,900	\$89,300	\$76,200
Income and Poverty			
Median Household Income	\$75,149	\$39,985	\$36,110
% Persons in Poverty	11.5%	31.5%	31.6%

Preliminary Research

# Water and Sewer Bill Burdens

Water and Sewer Bills		Bill as % of MHI	Bill as a % of LQI	Bill as Hours at Minimum Wage
W & S Bill for ¾" Meter, 2kgal minimum (\$62.48/mo = \$749.76/year)				
	Chickasaw, AL	1.88%	5.27%	8.62
	Prichard, AL	2.07%	4.77%	
W & S Bill for ¾" Meter, 2kgal minimum, 5kgal/month (\$106.97/mo = \$1,283.64/year)				
	Chickasaw, AL	3.21%	9.02%	14.75
	Prichard, AL	3.54%	8.17%	
W & S Bill for ¾" Meter, 3.5 kgal minimum, 3.5kgal/month (\$140.56/mo = \$1,686.72/year)				
	Chickasaw, AL	4.22%	11.85%	19.39
	Prichard, AL	4.66%	10.74%	

**Lowest Quintile Income:** Chickasaw, AL \$14, 235 | Prichard, AL \$15,703

# Water Affordability

## 4. Next Steps

## Next Steps

# Analysis and Assessment

- Data Collection / Analysis
  - EPA Financial Capability Assessment methods
  - Low-income customer bill burden
    - Alternative measures
    - Geographical / spatial distribution
  - Customer assistance program design option review
    - Eligibility / outreach / participation rates
    - Options for coordination with other poverty relief programs
- Policy – Regulatory Issues
  - Utility revenue funding of affordability measures
  - Customer service policies / practices
    - Collection-related fees, disconnections

## Next Steps

# Stakeholder Engagement

- Advisory Council
- Community Organizations
  - Potential CAP implementation partners
- PWWSB Staff
  - Executive team
  - Customer service personnel
- PWWSB Board