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Water Residential Assistance Program Program Design Report

Prepared by WRAP Advisory Group

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WRAP Advisory Group Letter

GLWA Board of Directors
735 Randolph St., Room 506
Detroit, MI 48226

On behalf of the WRAP Advisory Group, we are pleased to present our recommendations to administer the GLWA WRAP program. This report not only provides a design and process for the initial year of WRAP implementation (with funding at approximately \$4.5 million), but also paves the way for the next 40 years. While we know these funds will not fulfill the need today, our recommended program builds awareness, generates support, and provides a foundation to raise funds to diminish future need for assistance through affordability, conservation, and self-sufficiency initiatives.

The WRAP will strive to administer funds in the most effective and efficient manner possible and leverage resources to the extent practicable. It will work to ensure that all eligible residential GLWA customers are aware of the program, have access, and that applicants understand program guidelines and parameters. Priorities include collaboration with regional organizations to maximize assistance, water conservation, and customer education..

WRAP is not only intended to be a high quality water assistance program but also a catalyst to elevate awareness, prompt conversations on policy, and identify options to improve water-related outcomes and opportunities for low income customers. We hope that the program will provide meaningful assistance for such customers to become more informed, resourceful, and self-reliant consumers. It is the hope of this founding group that the work we are doing will benefit future generations and create a framework for a successful program model that will evolve to meet changing needs for the next four decades.

The WRAP Advisory Group is comprised of committed professionals from diverse organizations across the GLWA service area. It met regularly for the past several months to produce this report that addresses program outreach needs, eligibility criteria, administrative processes, types of assistance, and performance measures. All participants had an opportunity to review each program component and weigh in based on their collective professional experience. Recommendations were made and consensus was sought and achieved for all critical decisions such as income threshold, total amount of assistance per household, budget allocations, and performance measurements.

It was our pleasure and honor to serve on this group and contribute to such an important initiative. We thank you for your consideration and very much look forward to supporting GLWA as it launches WRAP.

Sincerely,

GLWA WRAP Program Design Team Members

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Executive Summary

The Great Lakes Water Authority (GLWA) Water Residential Assistance Program (WRAP) is a program to render assistance to qualifying low-income customers of the GLWA's retail service providers. Per the Memorandum of Understanding creating the GLWA, the program will be funded at an amount equal to 0.5 percent of GLWA revenues including the retail revenues of the City of Detroit Water and Sewerage Department (DWSD). This funding level is approximately \$4.5 million for the initial year of program implementation - FY 2015-16.

The WRAP is a GLWA funded contribution to a set of endemic economic challenges confronting the southeastern Michigan region and most profoundly in the City of Detroit. Program funding is anticipated to provide assistance to between 2500 and 5000 retail customers in the GLWA service area. As discussed in Appendix I, the program differs substantively from an "affordability" program concept advocated by selected stakeholders in the GLWA service area that contemplates (irrespective of potential legal challenges) an income-qualified rate structure.

GLWA will contract a Program Administrator to design and manage all aspects of WRAP program delivery. Assistance will be rendered in the form of bill payment assistance and an array of measures to enhance water use efficiency of recipient customers.

- Clients must have household gross incomes at or below 150% of the Federal Poverty income thresholds¹
- Bill assistance of up to \$1500 per year may be provided to qualifying clients.
- Clients with water usage at or above 20% of the average residential usage will be required to participate in a water audit and install water conservation measures.
- Clients may be eligible for a one-time payment of up to \$1000 in water and sewer related home repair costs

WRAP program design reflects our region's complex billing and collection practices. GLWA delivers wholesale water and sewerage service to retail service providers (communities and authorities) throughout southeastern Michigan. These retail service providers employ a spectrum of retail billing and collection practices² necessitating simplicity of program design and administration. Key program attributes include eligibility criteria for potential clients, administrative processes for screening applicants and delivering assistance measures, and performance measures to monitor and evaluate program performance.

¹ Provide current poverty level values.

² The Wholesale Advisory Group and GLWA Program Management Office conducted a survey of these retail service provider billing and collection practices that is summarized in Appendix III.

These attributes are articulated in a Request for Proposal (RFP - Appendix IV) to contract a regional program administrator. This RFP enables bidders the opportunity to specify different business processes to meet the WRAP requirements and ensure adequate performance and financial reporting thereon.

The WRAP was designed through a collaborative process involving professionals with years of experience in administering assistance programs as well as elected officials and other interested parties from the GLWA service area. A WRAP Advisory Group met regularly between February and June 2015 to design the program and helped develop the RFP. An open, transparent procurement process to select program administrator will be initiated upon GLWA Board approval of the WRAP design.

Background

Formation of the Great Lakes Water Authority (GLWA)

On September 9, 2014, the city of Detroit, the counties of Macomb, Oakland, and Wayne, and the State of Michigan entered into a Memorandum of Understanding (MOU) regarding the formation of the Great Lakes Water Authority (GLWA). The GLWA will lease and assume responsibility for operation, control, and improvement of the regional facilities of the Detroit Water and Sewerage Department. The GLWA was contemplated in conjunction with the City of Detroit's Chapter 9 bankruptcy proceedings and formally established on November 25, 2014 with filing at the State of Michigan of approved Articles of Incorporation.

The MOU established a governance structure for the GLWA that includes a six-person board comprised of two (2) members appointed by the Mayor of the City of Detroit; one (1) member appointed by each County, and one (1) member appointed by the Governor of the State of Michigan. While acting by simple majority vote (4/6) for most transactions, a supermajority (5/6) is required to approve major decisions such as the approval of capital and operating budgets, selection of a Chief Executive Officer, and approval of service rates. The first official GLWA Board meeting was held in December 2014.

Under the MOU, lease payments of \$50 million annually are to be allocated from system revenue requirements to fund Detroit local system improvements. These payments may be used to (1) directly pay for capital improvement projects, (2) pay debt service on indebtedness incurred to fund local system improvements, or (3) to pay for the City of Detroit's share of debt service on indebtedness incurred to fund regional system improvements. DWSD will operate and maintain the local water and sewer infrastructure serving the City of Detroit's retail customers. GLWA will be responsible for operations and maintenance for water and sewer infrastructure supplying wholesale customers across the region.

The MOU also provides for funding of a Water Residential Assistance Program (WRAP) to provide assistance to low-income customers of GLWA customer communities.

Funding in an amount equal to 0.5 percent of annual system (regional and Detroit local) operating revenues is to be included in annual revenue requirements of the respective regional and Detroit local systems. This amount approximates \$4.5 million for FY 2015-16 - though given a mid-fiscal year GLWA effective date and program set-up requirements, assistance will not be available with the commencement of the FY 2015-16 fiscal year in July 2015.

Regional Low-Income Assistance Needs

GLWA's WRAP is an assistance program designed to address challenges faced by low-income residential customers in paying their water, sewer, and drainage bills. The regionally funded program is anticipated to be one of the broad array of programs that help low-income residents in southeastern Michigan. Unfortunately, though definitive studies of regional needs for assistance with water and sewer service billings are lacking, available U.S. Census data and information on Detroit assistance programs employed in recent years paint a difficult portrait, especially in Detroit.

U.S. Census data report that for the period 2009 - 2013, 39.3 percent of the Detroit population was living below federal poverty levels - or over 270,000 individuals. Population, income and poverty statistics for Detroit and the 3 largest (by population) counties in the GLWA service are presented below.

	Population (2013)	Median Household Income (\$2013)	Persons Below Poverty	
			Percentage	Number
Detroit	688,701	\$26,325	39.3%	270,659
Macomb County	854,769	\$53,451	13.4%	114,539
Oakland County	1,231,640	\$65,594	10.2%	125,627
Wayne County	1,775,273	\$41,184	25.1%	445,594
State of Michigan	9,895,622	\$48,411	17.0%	1,682,256

The numbers are daunting - indicating that over 685,000 individuals are living below poverty in the three largest counties in the GLWA service area. Insofar as utilities generally, and water and sewer costs specifically, represent a heavier burden for low-income households relative to higher income populations, WRAP is designed to contribute to acute needs throughout the GLWA service area.

The GLWA's WRAP will add to existing programs that help customers pay water, sewer, and drainage bills in Detroit. These programs and links to websites providing information on eligibility criteria and the forms of assistance are provided below:

Program	Website URL
Detroit Water Fund	http://liveunitedsem.org/pages/detroitwaterfund-

Detroit Water Fund	http://www.detroitwaterfund.org/
Detroit Water Project	https://www.detroitwaterproject.org
Detroit Residential Water Assistance Program (DRWAP)	http://www.needhelppayingbills.com/html/detroit_water_bill_assistance.html
Detroit THAW Water Assistance Program	http://www.needhelppayingbills.com/html/detroit_thaw_water_assistance.html
Water Access Volunteer Effort (WAVE)	http://www.wavefund.org

WRAP is intended to complement these programs - extending assistance options to the entirety of the GLWA service area. This intended reach, however, imposes several significant challenges and challenges for WRAP program design.

GLWA Customer Communities' Billing and Collection Practices

The GLWA will be a wholesale water services provider to over 100 customer communities and authorities in southeastern Michigan. These communities and authorities operate their own systems to deliver water and sewer services to their residents. Because GLWA is not a direct retail service provider, the WRAP program must be sufficiently simple and flexible to accommodate the billing and collection practices of a broad array of retail service providers.

In April 2015, a survey of GLWA customer communities was conducted to obtain information on retail system billing and collection practices. Results are presented in Appendix II. In brief, responses made clear that there are a variety of ways delinquent water accounts are handled. For example:

- Half of the respondents indicated their communities shut off service for delinquencies while the other half indicated they do not shut off service. If service is shut off on delinquent accounts, the amount delinquent and number of days delinquent used as a threshold for such action also vary.
- Late fees and service restoration fees vary by community.
- Some communities offer residents the option of a payment plan and others do not.
- Some communities send delinquent accounts to property tax rolls.
- There is also variation on how each municipal water department handles the name on the account (resident's name or generic occupant/resident) and how rental homes and tenant responsibilities are addressed.

For a regional agency providing assistance to residents, the manner by which each community handles accounts is in contrast to other large utility providers such as DTE and Consumers Energy that cover large geographic areas. These utilities follow the same policies and procedures for all accounts in their respective territories, have online systems to allow agencies access to account information, and have the ability to place holds on service terminations and assistance commitments.

Common agency practices, such as the ability to request holds on an account to delay shut off while assistance is pending will be more difficult to ensure when working with a diverse set of policies across GLWA customer communities.

Water Residential Assistance Program (WRAP) Overview

Between February and June 2015, representatives from social service agencies, corporations, municipalities, and consumer and environmental advocacy groups were engaged to design the WRAP.³ The WRAP Advisory Group developed Mission and Vision statements, articulated program goals, delineated program features (including eligibility criteria, forms of assistance, and administrative processes) and defined performance measures.

Mission and Vision Statements

The WRAP's mission is: "to administer the distribution of WRAP funding to the eligible, low-income customers of the GLWA". The vision is "to create a transformative water utility assistance program focusing on the core values of self-sustainability, social responsibility and affordability".

Goals

WRAP effectiveness will be measured by the extent to which it is successful in accomplishing five main goals:

1. Assist low-income individuals and families with their water bills;
2. Avoid water utility disconnection and reduce account arrearages;
3. Assist clients in increasing self-sufficiency, in part through the provision of water conservation measures;
4. Promote collaboration on program outreach to consumers and the public; and
5. Foster collaboration to advance partnerships for developing and leveraging funding opportunities to deliver assistance.

³ See WRAP Design Process for a review of the collaborative, stakeholder-engaged process employed to design the WRAP and draft a Request for Proposal for contracting with a regional social service agency for its delivery.

Program Contractor

A Program Administrator selected by the GLWA Board through a DWSD managed procurement process will deliver WRAP services. The associated Request for Proposal (RFP - Appendix V) encourages proponents' creativity in developing an administrative framework that will address the unique attributes of WRAP. In particular, proponents will be required to delineate how bill payment assistance will be provided given the diverse billing and collection practices of GLWA's retail service providers. Similarly, proponents will be asked to address how program performance and financial reporting will be developed to address the diverse interests of stakeholders across jurisdictional boundaries within GLWA's service area.

Program Design

Because WRAP is an assistance program that will be available to water and sewer customers across the spectrum of GLWA's retail service providers, the program design is structured to simplify and streamline administrative requirements. Basic design components include: community outreach, screening eligibility, determining forms of assistance, outlining business processes for delivering assistance, and defining procedures for tracking and reporting program performance. Prospective program administrators will be required to describe and demonstrate capabilities, experience

administrators will be required to describe and demonstrate capabilities, experience and insight relating to each of these program components.

Regional Program Outreach

Community outreach for WRAP will involve a collaboration of GLWA public relations staff and the Program Administrator. DWSD currently employs, and GLWA prospectively will employ, an array of mechanisms to communicate with customer communities and retail customers. These currently include web sites (www.DWSD.org, www.glwater.org, www.dwsdoutreach.org), the DWSD Wholesale Customer Outreach Program, postings and advertisements at customer service centers and bill payment locations. Public relations staff have established relationships with local print and broadcast media, and worked in partnership with community organizations to deliver messaging related to a broad array of water and sewer utility issues.

For the WRAP, the Program Administrator will work with GLWA staff to implement a tailored outreach program that reflects and is responsive to the unique challenges of a regional assistance program. These challenges include:

- Achieving region-wide reach across the multi-county GLWA service area
- Ensuring consistent, simple and easily understood messaging regarding the WRAP program features, eligibility requirements, and application process
- Providing clear and consistent messaging regarding how WRAP complements other water assistance program efforts in the GLWA service area

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- Providing for consistent, equitable partnering with religious, educational and community institutions across the GLWA service area
 - Providing for consistent, equitable partnering with other low-income assistance programs' outreach efforts to enable clients to seek assistance with multiple needs

While both the schedule and specific mechanisms to conduct WRAP outreach will be determined with the selected Program Administrator, potential outreach measures may include:

- GLWA, DWSD and local retail provider web site postings
- Signage / videos for display at Customer Service Centers and local retail provider payment centers.
- Informational tables at local fairs and events.
- Advertisements in local newspapers and other public display outlets (e.g., People Mover)
- Educational Public Service Announcements (PSA) for broadcast media.
- Partner with local businesses to approve advertising within their establishments.
- Overview video to be shown in customer service centers, online, and on social media

Eligibility

In order to qualify for WRAP assistance, individuals must meet criteria in the following areas:

- Identity and residency,
- Household income,
- Account status
- Water conservation education program.

For the identity and residency component, individuals must show proof of residency, proof of lease (if applicable), valid identification for all household members 18 years or older and verification of dependents and household size.

Regarding income, the combined gross household income must be at or below 150% of the Federal Poverty Guidelines for the last 30 days of income. If clients do not have income, a self-declaration form must be completed for validation.

The water account status must be in past due or shut-off status and individuals must have made a minimum of a 5% payment on their account or \$50, whichever is lower, in the last 90 days. Individuals will not be declined assistance due to high arrearages, however, the payment must be able to prevent a shut-off or remove the individual from shut-off status, if applicable.

For those customers whose usage is 20% or more above the average household usage, the customer must agree to the conduct of a water audit and bill assistance will be provided with presentment of proof of enrollment in a water conservation education program.

Forms of Assistance

WRAP will help low-income residential customers within GLWA's customer communities pay their water, sewer, and drainage bills. . WRAP design reflects two fundamental priorities. First, WRAP will be employed to enable customers with account arrearages to avoid service terminations and/or placement of liens on customer properties. Second, WRAP will facilitate customers' adoption of water use efficiency measures to enable their reduction and control of future service billings. Specific forms of assistance include:

- Utility shut off holds placed on WRAP client accounts
- Bill assistance not to exceed \$1500 provided once per year
- Water efficiency informational and water use conservation classes
- Water use audits conducted in WRAP client homes
- One-time payments of up to \$1000 for approved water or sewer related home repairs.

Administrative Procedures

The WRAP Program Administrator will define business processes and perform required monitoring, reporting and evaluation. In general, it is anticipated that clients will follow the steps listed below (and are presented graphically in the WRAP Process Flow Chart on the following page):

Intake

- Individuals who need assistance with their water bill can contact the applicable administrator(s) of the program, through various points of access.
- At the time their appointment is scheduled, the applicant will be advised of their role in the process, such as the co-payment and eligibility requirements.
- During the appointment, the applicant will be assessed for eligibility for WRAP and documents will be collected.

Bill Assistance

Bill Assistance

- The Program Administrator will advise the retail customer community that a payment is being made to a client's account and will request a hold be placed on the account, if applicable, to ensure the water will not be shut off.
 - The Program Administrator, working with the client, makes a payment to the local retail provider within thirty days. Note: The payment will not exceed \$1,500 and will only be made one time per year.
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Water Conservation

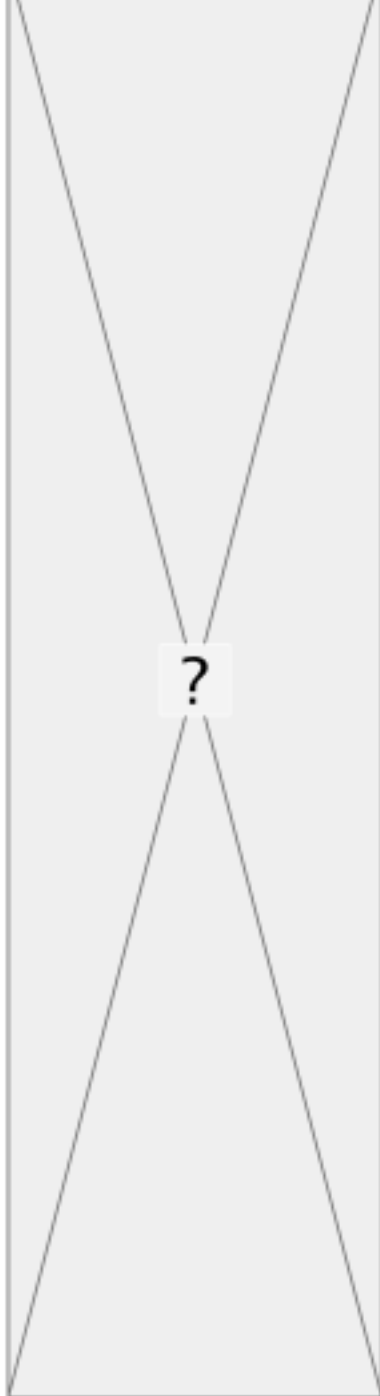
- During the intake appointment, the applicant will be given information (brochures, handouts, etc.) on water use management and water conservation literacy. They are also given an opportunity to attend a free water/energy education class.
- If the Program Administrator determines the applicant's water usage is high after reviewing the water bill, the applicant is required to have a water audit performed on their home and is highly encouraged to attend a free water/energy education class.
 - o If normal water usage is determined, no further action will be taken and the bill is paid by the Program Administrator)
- If a water audit is performed and a problem is found that is causing high water usage, minor plumbing repairs may be completed, if applicable. Clients may receive up to \$1,000 in repair costs to be paid to an approved contractor, one time.

Beyond ensuring that clients may proceed through these specific steps efficiently and with adequate support, GLWA and the Program Administrator must manage cash flow to fund the program operations for the entire fiscal year. Thus, tightly monitored budgeting and reporting on financial performance are foundational.

Home water audit and plumbing repair services sub-contractors will be required to deliver services effectively, efficiently and with appropriate insurance coverage. Monitoring and reporting on these activities are one component of requisite tracking and reporting on program performance measures as discussed further below.

WRAP Process Flow Chart





Performance Measures

Program performance relative to the five program goals will be assessed through a combination of activity monitoring and measurement of program outcomes. Program administrators will be required to report on the following program performance measures as well as financial performance:

Goal #1: Assist low-income individuals and families with their water bills

The fundamental program goal of rendering assistance may be measured by a number of specific program impact measures that speak to the program's reach including:

- Number of completed applications
- Number of households assisted
- Amount (\$) of assistance provided total and average per household
- Number of payments that meet or exceed the estimates provided

In addition, and in particular because customer outreach and intake efforts are to provide assistance to customers in dire circumstances, measures of client satisfaction with program administration and delivery are viewed as important indicators of the quality of assistance delivered. Accordingly, satisfaction will be measured by conducting client satisfaction surveys using a randomized selection protocol.

Along these same lines, the timeframes required to provide bill assistance are viewed as (indirect) measures of the quality of assistance provided. Program specifications call for applications to be processed in an average of 5-7 business days once all supporting documentation is received, and payments to retail service providers to be made in an average of 30 business days. Reporting relative to these timelines of assistance will provide supporting indicators of program performance.

Goal #2: Avoid water utility disconnection and reduce account arrearages

For customers facing service disconnections, the timeliness with which assistance is provided, in particular arranging for holds on shut-offs, is of particular concern. Accordingly, a program efficiency objective is to *process* applications in an average of two days and, as noted, make payments in an average of 30 days. Reporting relative to these performance standards will supplement program impact reporting on

-
- Number of shutoffs avoided
 - Amount of arrearages eliminated
 - Amount of arrearages paid (total and average)

Goal #3: Assist customers in increasing self-sufficiency, in part through the provision of water conservation measures

WRAP is designed to provide participants improved opportunities to manage their water use, control their account status (e.g., limit arrearages) and support general self-sufficiency goals. In this context, WRAP program will be measured by annual reporting on metrics related to installation of water conservation devices, and participation in education and audit/repair programs.

- The number of high water users vs average water users that were assisted.
- The number of households that turned down vs attended conservation classes.
- The number of repairs performed (include the average cost of repairs per

- The number of repairs performed (include the average cost of repairs per household) and impact on bill size and timeliness of payments.
- Location of households with high water usage.
- Number/percentage of households receiving both forms of assistance

Goal #4: Promote collaboration on program outreach to consumers and the public via multi-media and multi-lingual information sources

Insofar as WRAP will be one of a number of programs that support low-income populations, and the GLWA will serve an exceptionally large and diverse region, collaboration on outreach efforts will be fundamental to long-term program success. GLWA staff and the Program Administrator will be expected to work collaboratively with regional agencies and community organization to disseminate information about the WRAP and direct potential clients to submit applications. Specific performance measures may include:

- Number of agencies and community organizations engaged
- Number of client referrals from regional agencies and community organizations

More generally, WRAP effectiveness in public and consumer outreach/education will be measured by surveying agencies and community organizations to assess the effectiveness of communication strategies and the extent of regional participation/ regional impact.

Goal #5: Foster collaboration to advance partnerships for developing and leveraging funding opportunities to deliver assistance.

As indicated in the review of demographic data (presented on page 7), WRAP funding will provide a significant but limited contribution to the overall regional need. Supplemental forms of assistance and funding may help leverage WRAP assistance, expand regional assistance programs reach, and accelerate provision of pathways to self-sufficiency. Accordingly, the WRAP Program Administrator (and potentially a continuing WRAP Advisory Group) will be called upon to pursue increased capacity through partnerships and identification of (non-GLWA) funding opportunities for bill assistance and water conservation measures. Performance measures may include:

- Number of partner agencies providing supplemental funding / assistance
- Supplemental funding made available
- Program participants served through supplemental funding
- Additional Forms of Assistance provided via supplemental funding (e.g. home water audits, conservation kits, leaks repaired)

Program Evolution

WRAP's initial design is intentionally simple and limited in scope - largely in recognition of the need to institutionalize the program across the entirety of the GLWA service area. Building awareness of the availability of the program, refining program administrative processes, and gauging the effectiveness of individual forms of assistance will require time and actual program implementation experience. Program features will be refined using the performance measures discussed above and financial reporting.

In this context, the WRAP Advisory Group suggests that additional focus (and funding allocations) be directed toward the program's water conservation components. While delivering water conservation assistance is more complex and administratively challenging, program impacts are fundamentally more sustaining insofar as they aid program participants' ability to control future water and sewer billings.⁴

⁴ One potential strategy to enable dedication of additional resources to water conservation assistance - without diminishing the limited funds made available for bill assistance - would be to initially allocate increases in program funding for water conservation measures. Such increases may be expected given the linkage between WRAP funding and annual GLWA revenues (that are projected to increase approximately 4 percent per annum).

Supplemental Funding Development

In addition, post program launch, the GLWA WRAP Advisory may be reconvened to address partnering and development of supplemental funding sources. Group volunteers have suggested working on a three to five year strategic plan with a series of goals involving fund development strategies. These strategies could include:

- Researching and applying for federal, state, and foundational grants
- Corporate gift and matching programs
- Develop a Major Gift and Endowment Fund
- Individual fundraising programs / events
 - o Events including:
 - silent auctions, "River Days" type events, targeted events with pre-identified benefactors
 - Use of direct marketing, media, digital, and online tools to drive revenue thru telethons, radiothons, crowdfunding, social media challenges
 - o Annual giving campaigns in partnership with regional service providers

WRAP Design Process

WRAP Advisory Group

The GLWA Program Management Office, reflecting a commitment to regional collaboration, extended an invitation to numerous local charitable organizations to take part in the WRAP planning process. Over 20 representatives of such organizations participated over a five-month planning period between February and June 2015 to develop the program. In addition to representatives of each of the GLWA's incorporating municipalities, organizations that assisted in this effort included:

- Crossroads of Michigan
- DTE Energy
- EcoWorks
- Focus Hope
- Macomb County Community Services Agency
- Oakland Livingston Human Service Agency
- The Heat and Warmth Fund (T.H.A.W.)
- United Way
- WAVE

- WAVE
- Wayne Metro Community Action Agency

WRAP Program Development

The initial planning for the program began on February 11th, 2015. Meetings occurred regularly as summarized in Appendix III. With the intention of presenting a completed program to the GLWA Board in July of 2015, WRAP meetings were held in three-hour increments. During the initial meeting, it was agreed that the WRAP planning team

should be delegated to four separate planning groups that would work separately, but in a cohesive fashion, and would reconvene with a detailed report of their progress. The four planning teams were:

- The Eligibility Work Team
- Forms of Assistance Work Team
- Performance Metrics Work Team
- Outreach and Public Planning Work Team

The Eligibility Work Team was responsible for determining criteria for qualification into the WRAP program. The Forms of Assistance Work Team was responsible for outlining the receiving process for those eligible and determining the type of assistance they will receive. The Performance Metrics Work Team was responsible for determination of program goals, and developing methods to measure them. The Outreach and Public Planning Work Group- was responsible for defining a program to promote public awareness and education of the WRAP program. Outreach activities will continue through a collaboration of GLWA staff and the Program Administrator.

Program Monitoring and Evaluation

Finally, provisions and protocols should be established to enable regular program evaluations. The Program Administrator and GLWA Financial Services Division will be responsible for developing and managing program controls that ensure collection of information on attributes of program implementation. This information, along with ratepayer billing records (as available), will enable the Authority to:

- Monitor projected vs. actual participation levels and spending by program component,
- Review conservation audit findings to identify characteristics of low-income ratepayer water uses not available through census or billing data,
- Develop additional demographic information on the Authority's low-income ratepayer populations,
- Delineate the geographic distribution of low-income populations and program recipients in the Authority service area,
- Evaluate changes in low-income participants' water use patterns, and
- Evaluate changes in the incidences of account delinquencies, non-payments and shut-offs.

These analyses will be critical for documenting the assistance rendered by the Authority as it proceeds forward, and for tailoring the Authority's programs to be most efficient and effective.

Appendix I: GLWA Social Responsibility And Water Affordability

The Great Lakes Water Authority (GLWA) will be the regional provider of wholesale water and sewerage services in southeastern Michigan, indirectly serving a population of approximately 4 million. GLWA will be a major economic actor throughout its service area, operating and maintaining a multi-billion-dollar system of infrastructure assets and generating almost \$1 billion in annual revenues. As such, GLWA has both unique challenges and opportunities to fulfill its social responsibilities in the region, and to provide a bellwether for the collaboration and innovation that will be required to return our communities to prosperity.

Social Responsibilities / Retail Customer Demographics

As a major economic actor in the region, GLWA has a social responsibility to examine and acknowledge the acute challenges faced by the region's economically disadvantaged, who are among its ultimate customer base (through its customer communities responsible for retail water and sewerage services delivery). Despite gaps and inconsistencies in reporting on retail water and sewer customer demographics and customer community collections activities (including shut-off practices), a number of metrics offer a troubling portrait of economic disadvantage:

PLACEHOLDER INFORMATION - PENDING VERIFICATION:

- DWSD/GLWA serves approximately 2,050,000 households in 8 counties. Households that are at or below poverty and served by DWSD/GLWA are listed in rank order (highest to lowest): Wayne = 65% (Detroit = 39% of total); Oakland = 16%; Macomb = 14%; Washtenaw = 2%; Genesee = 2.2%; Lapeer = 0.5%; Monroe = 0.2%; St. Clair = 0.05%.
- As of June 18, 2015, 46% of the 300,861 Detroit Residential combined water and sewer accounts were at least 60 days past due. The total amount past due was \$103,061,240. The average past due amount was \$732.
- As of June 16, 2015, the following information was reported for active assistance programs:
 - o Detroit Water Fund - 1,870 approved applicants and total fund liability of \$879,205.
 - o Detroit Residential Water Assistance Program (DRWAP) - 826 customers enrolled with \$799,982. Allocated.
 - o The Heat and Warmth Fund (THAW) - started on June 1, 2015 and has served 202 customers for a total of \$245,892.
 - o DWSD has 35,134 active payment plans with a combined balance of \$28,717,289.

The breadth and depth of poverty in GLWA's service area, as indicated by these few statistics, present fundamental challenges for GLWA and its customer communities. These challenges extend well beyond the scope of the Water Residential Assistance Program (WRAP) and speak to the need to address water affordability.

Water Affordability vs. Assistance

The term water affordability has been used with various meanings in public policy debates related to poverty remediation and utility billing and collection practices. In its Affordability Special Publication, the Water Environment Federation offers an intuitive definition:

"In the most general terms, affordability for utility ratepayers is that customers can pay their utility bills without undue hardship or unreasonable sacrifice in their life style or in their essential spending"

unreasonable sacrifice in their life style or in their essential spending patterns while still supporting the needs of the utility.” (WEF Affordability Special Publication, 2007, p. 11)

From a utility management perspective, promoting the affordability of service requires efficiency and effectiveness such that bills are reasonable across the spectrum of ratepayers. From a regulatory perspective, affordability is often associated with the financial capability of communities to finance improvements needed for permit compliance.⁵ In Detroit, a “Water Affordability Program” proposed (but not adopted) in 2006, featured an income-graduated rate structure.⁶ A common thread running through these different definitions is concern for customers who lack adequate means to pay for essential water and sewer services. It is heightened in profoundly difficult circumstances wherein customers face service disconnections.

Service disconnections are a troubling and problematic outcome from all perspectives. Shut-offs are a costly and difficult receivable collection measure undertaken by utilities confronted by non-payment of customers who have received services. People with accumulated billing balances whose accounts are subject to disconnection often face a range of other, compounding poverty-related challenges. Communities where not every resident has access to water and sewer services face a compromise of public health. The United Nations recognizes the right to safe and clean drinking water and sanitation as a human right and calls for efforts to “provide safe, clean, accessible and affordable drinking water and sanitation for all.”⁷

Low-income assistance programs implemented by water and sewer utilities throughout the United States are generally designed to provide financial and technical resources

⁵ Discuss use of bills as a percentage of median household and misnomer of interpretation that 2% is a threshold for burden applicable across the income distribution.

⁶ Provide reference to Colton paper and WAP proposal.

⁷ United Nations resolution 64/292: “Recognizes the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all human rights.” The resolution “calls upon States and international organizations to provide financial resources, capacity-building and technology transfer, through international assistance and cooperation, in particular to developing countries, in order to scale up efforts to provide safe, clean, accessible and affordable drinking water and sanitation for all.”

to help assure access to affordable drinking water and sanitation services. GLWA's Water Residential Assistance Program (WRAP) will be among those programmatic efforts. Unfortunately, the scope and structure of these efforts pales in comparison to the endemic problems induced by persistent poverty in our communities. WRAP will provide support to a select number of families in need. Preliminary estimates indicate that 2,000 to 5,000 households will be provided assistance each year under WRAP. As noted, in Detroit alone, more than _____ accounts are currently subject to service disconnections.

Assistance programs - implemented by GLWA and its regional retail service providers - must therefore be regarded as limited, often frayed, threads in a social safety net that is tattered in many southeastern Michigan communities. WRAP and similar programmatic efforts offer stopgap measures that, at best, may contribute to residents' abilities to establish pathways to economic sustainability. Accordingly, it is important to recognize that GLWA's social responsibilities are only partially fulfilled by its funding of WRAP. As a new beacon of collaboration in a region beset with unprecedented levels of poverty and economic disenfranchisement, GLWA has a unique opportunity to be a voice of higher purpose.

Lessons Learned / Learning Opportunities

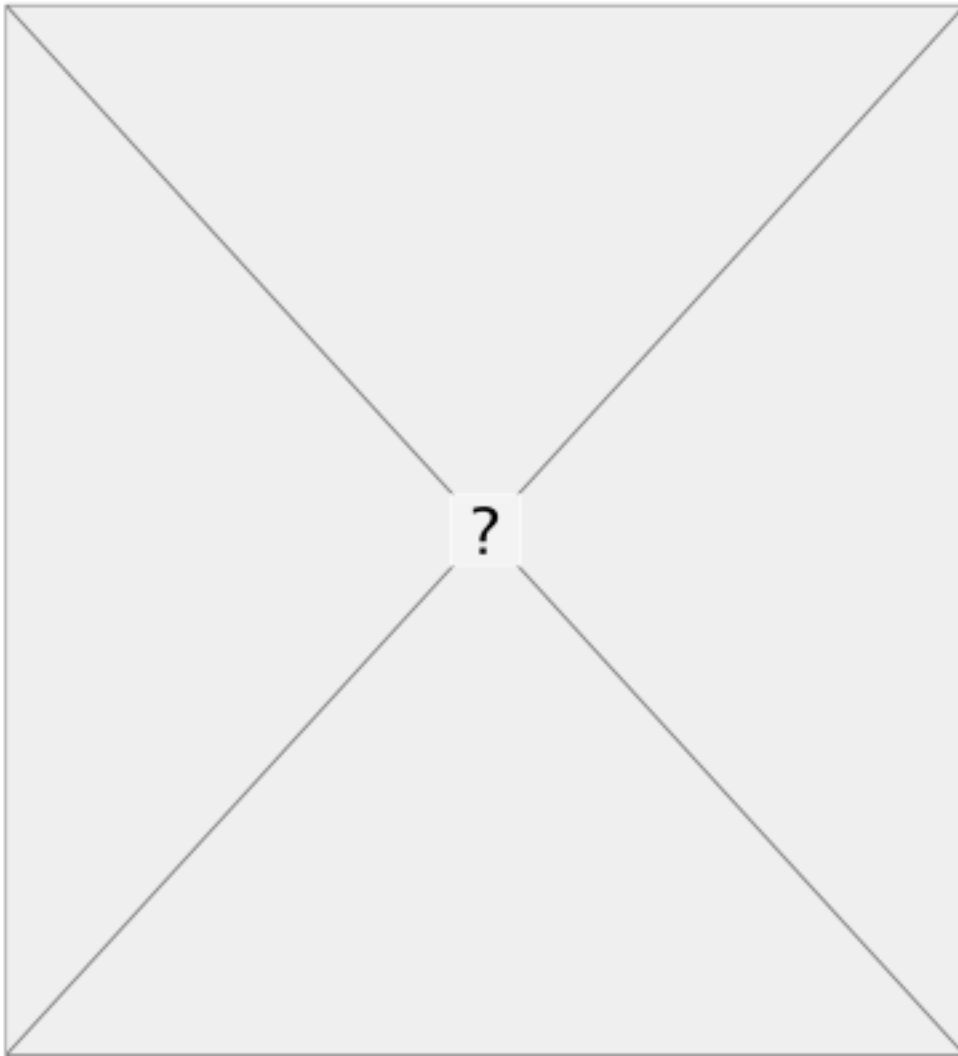
To weave GLWA's and others' threads of assistance into an effective social safety net and build true pathways to economic sustainability, it is important to learn from experience. Detroit's various programs have floundered for reasons ranging from poor execution of basic billing and collection functions, to overly complex procedures to obtain assistance, to myopic measures of success. GLWA's WRAP design seeks to navigate regional diversity through simplicity. Yet, to enable WRAP to be a useful part of a viable social safety net, more and better information is needed to understand the patterns of economic dislocation that have precipitated customer account balance accumulations, non-payment and service disconnections. Vexing data inadequacies include:

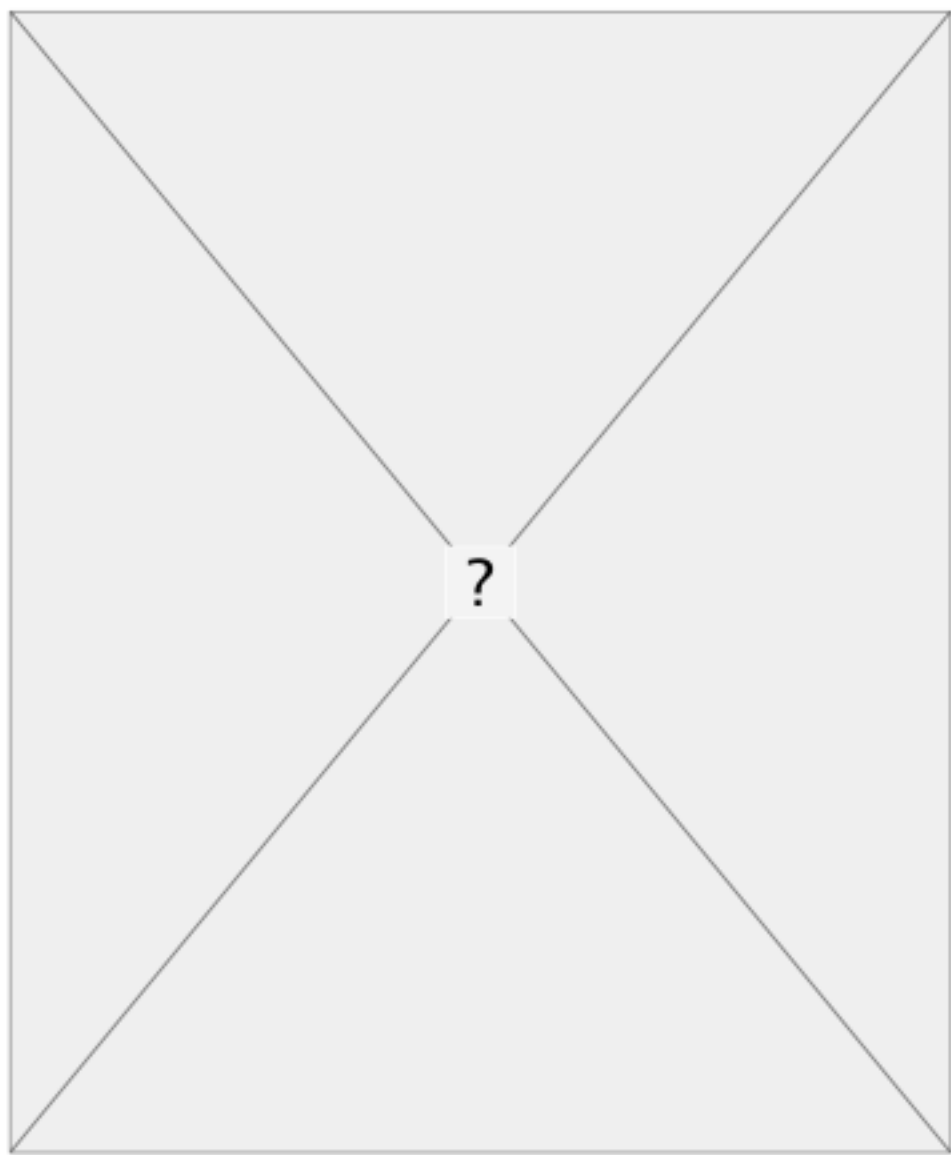
- Incomplete information on the extent to which past due accounts are associated with vacant properties,
- Largely anecdotal information about the number of long-term service disconnections,
- **ADD OTHER RESEARCH NEEDS**

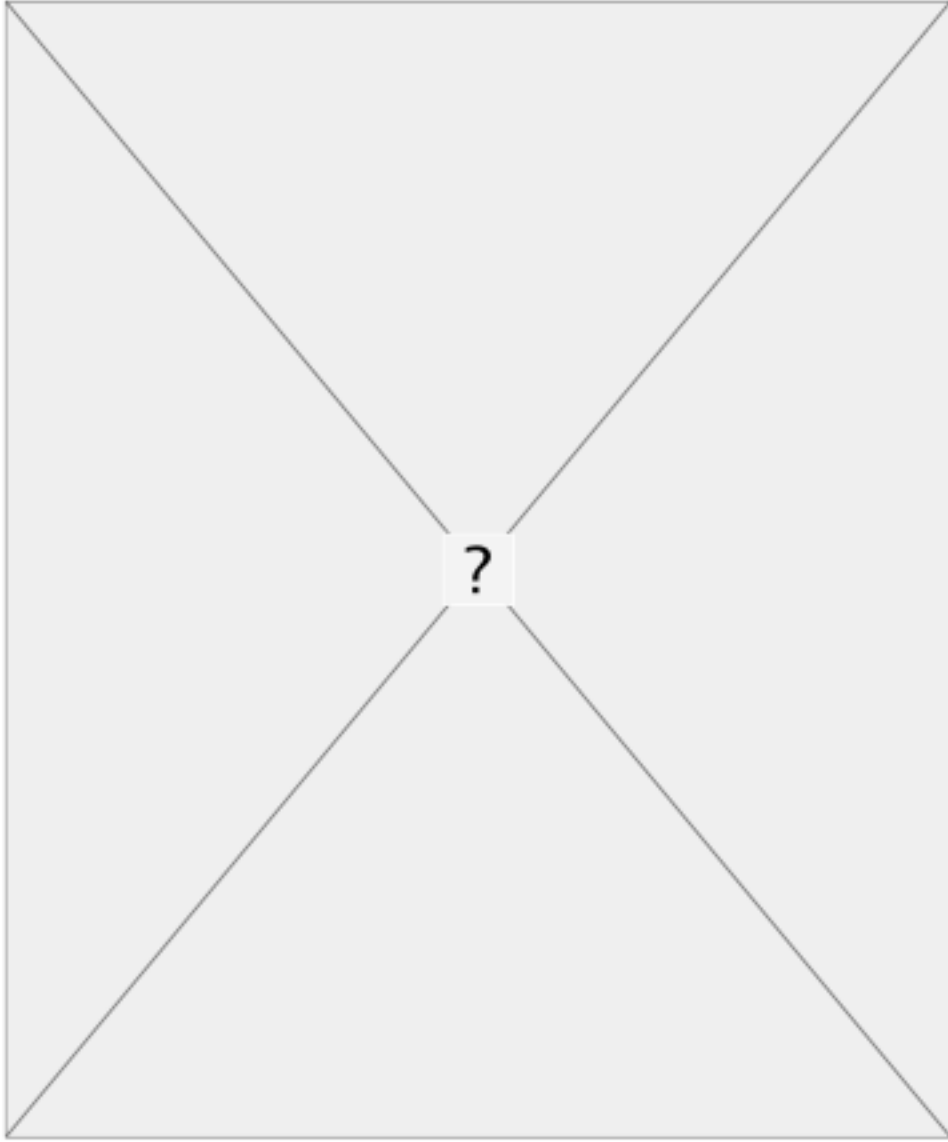
These information gaps have been filled with assumptions and imputations - some of dubious merit - that complicate an already daunting set of interwoven problems that cry out for comprehensive solutions. GLWA, as a regional provider of essential services, has the opportunity to go beyond its laudable funding of specific assistance measures and be a catalyst for regional change. We call on the GLWA Board and GLWA staff to take a leadership role in assessing the barriers to sustainability for their ultimate retail customers, and to work with their fellow major economic actors in the region to effect positive change.

Appendix II: GLWA Customer Community Survey

54 Responses







Appendix III: WRAP Advisory Group Meetings

Meeting Date (2015)	Number of Attendees	Meeting Takeaway
March 11	23	<ul style="list-style-type: none">WRAP separated into four subcommittees: Eligibility, Assistance, Performance, and Outreach.
March 18	23	<ul style="list-style-type: none">Each work group begins developing a work plan with timeline of assignments
March 25	23	<ul style="list-style-type: none">First draft of Eligibility submittedFirst draft of the Assistance process submittedAssistance establishes that there should be separate tracks for assistance based on individual usage.First draft of Performance Goals
April 1	N/A	<ul style="list-style-type: none">Agreed that the greatest priority would be those that do not have water.
April 8	24	<ul style="list-style-type: none">Began outlining reportPerformance Work Group began developing methods of measuring impact
April 22	24	<ul style="list-style-type: none">Final Draft of EligibilityAgreed to \$1500 cap on bill assistanceAgreed to \$1000 cap on utility repair
April 29	22	<ul style="list-style-type: none">Gary Brown speaks to WRAPPresentation to the Board is outlinedAdministration Qualifications Drafted
May 6	29	<ul style="list-style-type: none">Reviewed customer survey resultsFirst presentation of PowerPoint
May 13	N/A	<ul style="list-style-type: none">Assigned participants to help design report.

Appendix IV: WRAP Program Contractor Draft Request for Proposals

