



Financial Services Audit Committee Communication

Date: February 21, 2020

To: Great Lakes Water Authority Audit Committee

From: Jon Wheatley, Public Finance Manager

Re: Proposed Water Residential Assistance Program Changes for FY 2021

Background: The Water Residential Assistance Program (“WRAP”) provides sustainable funding for qualifying low-income residents served by the Great Lakes Water Authority’s (“GLWA”) customers. The program is currently funded by GLWA at an amount equal to 0.5 percent of budgeted revenues with the budgeted FY 2020 funding level of \$5 million combined for water and sewer services.

The scope of funding uses includes payment assistance and water audit and water conservation measures. Eligible residential customers with a past due bill and/or who are in active shut off can receive assistance with paying down arrears in an amount not to exceed \$700 per year and receive \$25 toward monthly bill payment assistance annually up to \$300. High volume water users can receive a one-time home audit and home water conservation services up to \$1,000.

To participate in WRAP, an applicant must have household gross incomes at or below 150% of the federal poverty income thresholds. Customers with water usage at or above 120% of the average residential usage are eligible to participate in a water audit and install water conservation measures. WRAP participants are also encouraged to participate in both financial coaching and water conservation workshops as well as other support services. The program is administered by Wayne Metro Community Action Agency (“Wayne Metro”), a nonprofit agency.

The WRAP began providing assistance to residents in the GLWA service area on March 1, 2016 and as of October 31, 2019 has committed over \$14.2 million in assistance and conservation funds to over 19,000 qualified WRAP participants. WRAP has the potential to serve over 100 communities within the GLWA service area, but in order to assist qualified households, each community must opt into the program and sign a Memorandum of Agreement (MOA) with Wayne Metro. To date, 76 communities have opted into WRAP.

Justification: At the GLWA Board of Directors meeting on January 22, 2020, Director Brown introduced Resolution 2020-037 *“Resolution to Increase Water Residential Assistance*

Program Funding and Expand Program Eligibility Criteria.” The resolution was further discussed at the Board’s meeting on February 12, 2020. The resolution included the following proposed changes to the WRAP Program Design:

- 1) Increase the amounts deposited in the WRAP Fund from 0.5% to 1.0% of base budgeted operating Revenues in each Fiscal Year, starting with Fiscal Year 2021.
 - a. This proposed change would require amendments to the Water and Sewer Leases and the Water and Sewer Services Agreement.
- 2) Increase eligibility for residential customers from 150% to 200% or less of federal poverty level;
- 3) Increase conservation and plumbing repairs spending per household from \$1,000 to an average of \$1,500 for eligible residential customers;
- 4) Allow eligible residential customers that are renters to take advantage of conservation and plumbing repairs to reduce their water consumption, upon landlord executing an agreement not to raise rents for one year;
- 5) Provide eligible residential customers with a \$25 credit on water bills, without an expiration date, for eligible senior citizens and disabled persons enrolled in WRAP, and
- 6) Provide eligible residential customers with supplemental conservation and plumbing services, financial education services, and other related wraparound services.

The Board requested that Wayne Metro prepare analysis on the proposed changes and to present its recommendations to the Board at a subsequent Board meeting. Today’s presentation by Wayne Metro is the requested response and recommendations for the proposed program changes by the Audit Committee at its previous meeting. Also included is the recommendation letter from Wayne Metro dated February 12, 2020.

Budget Impact: The dollar impact of the proposed WRAP funding change from 0.5% to 1.0% of base budgeted revenues would increase the WRAP funding from \$5.1 million to \$10.2 million.

Proposed Action: Audit Committee receive and file the Wayne Metro recommendation letter dated February 12, 2020 and presentation dated February 21, 2020.