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RESOLUTION APPROVAL OF WATER RESIDENTIAL ASSISTANCE PROGRAM CHANGES AND REALLOCATION OF UNCOMMITTED ASSISTANCE AND CONSERVATION FUNDS

Agenda of: August 22, 2018
Item No.: **2018-883**
Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: August 22, 2018

RE: RESOLUTION APPROVAL OF WATER RESIDENTIAL ASSISTANCE PROGRAM CHANGES AND REALLOCATION OF UNCOMMITTED ASSISTANCE AND CONSERVATION FUNDS

MOTION

Upon recommendation of Sue McCormick, Chief Executive Officer, The Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **1) approve the removal of the 120% usage requirement for the lead fixture replacement for in-home faucets that pre-date the lead-free plumbing code change; 2) approve the transfer of uncommitted FY 2017 Counties' assistance funds of \$1,063,519 to the City of Detroit (\$679,984: \$549,784 for assistance and \$130,200 for conservation) and City of Flint (\$383,535: \$307,535 for assistance and \$76,000 for conservation); 3) approve the transfer of uncommitted FY 2017 Counties' conservation dollars of \$149,097 to the City of Detroit**

(\$106,997) and City of Flint (\$42,100) be designated for the replacement of in-home faucets that pre-date the lead-free plumbing code change; and 4) no action is to be taken regarding the needs based WRAP allocation as introduced by Wayne Metro and outlined in bullet 3 entitled 'Need-Based Allocation of FY 2019 WRAP Funds; 5) directs that a discussion regarding Board Members' ideas for potential improvements and/or enhancements to the WRAP program be held at a meeting of the Board taking place on or before November 2018; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

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 funded by GLWA at an amount equal to 0.5 percent of budgeted revenues with the initial FY 2016 funding level of \$4.5 million combined for water and sewer services, \$4.7 million in FY 2017 and \$4.9 million for FY 2018.

The scope of funding uses includes a) payment assistance and b) 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 and receive \$25 toward monthly bill payment assistance annually up to \$1,000. High volume water users can receive a one-time home audit and home water conservation services up to \$1,000. Maximum annual assistance per household is \$2,000. 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 customers of GLWA on March 1, 2016 and has the potential to serve over 100 communities within the GLWA service area. 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, 75 communities have opted into WRAP, with 4 more communities with MOAs in progress. A list of current participating communities is presented in Table 1.

Table 1- WRAP Participating Communities

Wayne County	Oakland County	Macomb County
Allen Park	Beverly Hills	Centerline
Brownstown Township	Bingham Farms	Chesterfield Township
Canton Township	Birmingham	Clinton Township
Dearborn	Bloomfield Hills	Eastpointe
Dearborn Heights	Clawson	Fraser
Detroit	Commerce Township	Macomb Township
Ecorse	Farmington	New Haven
Flat Rock	Farmington Hills	Shelby Township
Garden City	Ferndale	St. Clair Shores
Gibraltar	Hazel Park	Sterling Heights
Grosse Pointe Shores	Huntington Woods	Utica
Hamtramck	Keego Harbor	Warren
Harper Woods	Lathrup Village	Washington Township
Inkster	Madison Heights	
Lincoln Park	Oak Park	Washtenaw County
Livonia	Orchard Lake	Pittsfield Township
Melvindale	Orion Township	Superior Township
Northville	Oxford	Ypsilanti
Plymouth	Pleasant Ridge	Ypsilanti Township
Redford Township	Pontiac	
River Rouge	Royal Oak	Lapeer County
Romulus	Royal Oak Township	Almont
Southgate	Southfield	Lapeer
Taylor	Sylvan Lake	
Trenton	West Bloomfield Township	Genesee County
Van Buren Township		Flint
Wayne	Monroe County	
Westland	Ash Township	
Woodhaven		

JUSTIFICATION

WRAP Cashflow Updates

1. FY 2016 WRAP Cashflow

Table 2 shows the WRAP cashflow of budgeted and committed funds in total and for each of the participating counties and the City of Detroit as of June 30, 2016. In total for FY 2016, over \$1.7

million in assistance funds and conservation and repair dollars were committed. Please note that there was an adjustment made from previous versions of this table in order to account for the conservation funds that were accrued to be spent post June 30, 2016.

On April 26, 2017 the GLWA Board of Directors approved the reallocation of the uncommitted assistance funds from the suburban counties to the city of Detroit (\$1,664,833) and the city of Flint (\$117,485). This left an uncommitted balance in conservation funds of \$446,089.

FY 2017 WRAP Cashflow

Table 3 shows the WRAP cashflow of budgeted and committed funds in total and for each of the participating counties and the City of Detroit for the fiscal year ending June 30, 2017. In total for FY 2017, almost \$2.3 million in assistance funds were committed and over \$570,000 of conservation and repair dollars were spent. Please note that there were adjustments made to this table related to the accrual of assistance and conservation funds that were spent after June 30, 2017.

Based on the FY 2017 cashflow, there were still uncommitted funds available. As of June 30, 2017 there was \$202,249 (\$209,027 net of the over-committed funds of \$6,778) in unspent conservation funds and \$1,034,435 (\$1,063,519 net of the over-committed funds of \$29,084) in uncommitted assistance funds.

Table 4 shows the combined WRAP cashflow from March 1, 2016 to June 30, 2017.

GLWA Proposed Changes to Program Requirements

WRAP has just completed its first 24 months of operations. During that time, GLWA and Wayne Metro have worked together to recommend changes to the program design and funding re-allocation. To date, GLWA management has brought these requests to the GLWA Audit Committee and then to the GLWA Board of Directors. At its meeting on November 30, 2016, the GLWA previously approved the following changes to the WRAP program design:

- Allow communities to opt into specific features of the WRAP. For example, a community could choose to opt into the monthly assistance feature, but not the arrearage assistance feature.
- As part of the plumbing and repair feature of the program for those qualified households with over 120% average annual water usage, kitchen and bathroom faucets in the home that pre-date the lead-free plumbing code change will be considered eligible for replacement as part of the one-time \$1,000 per household allotment.

In addition to the program changes above, GLWA management is recommending the following program change to WRAP:

Removal of the 120% Usage Requirement for the Lead Fixture Replacement:

The GLWA Board of Directors previously approved on November 30, 2016, that as part of the

plumbing and repair feature of the program for those qualified households with over 120% average annual water usage, kitchen, bathroom and other home faucets in the home that pre-date the 1986 lead-free plumbing code change (Safe Water Drinking Act, Section 1417 (a)(1)(A)) will be considered eligible for replacement as part of the one-time \$1,000 per household allotment. This proposed program change would remove the 120% usage requirement as a prerequisite to participating in part of the program as it addresses the removal of lead fixtures and is not related to water conservation. The lead fixture replacement would still be subject to the WRAP income requirement threshold of 150% of poverty. As part of Wayne Metro's recommendation in the next section, GLWA would set-aside uncommitted FY 2017 specifically for this purpose.

The one-time \$1,000 household allotment for minor plumbing repairs and replacement of kitchen and bathroom faucets in the home that pre-date the 1986 lead-free plumbing code change as part of this program change does not include the replacement of lead service lines.

Wayne Metro Funding Recommendations

Based on the demonstrated usage of the WRAP funds since March 1, 2016 and the usage during FY 2017, Wayne Metro is recommending reallocation of currently uncommitted FY 2017 suburban WRAP funds and a reallocation of budgeted WRAP funds for FY 2019. Attached is Wayne Metro's letter (including referenced documents) dated August 10, 2018 which outlines their recommendations. Below is a summary of the recommendations:

- 1. Reallocation of Uncommitted FY 2017 Assistance Funds:** Similar to the demonstrated WRAP utilization in FY 2016, suburban Counties had uncommitted assistance dollars of \$1,063,519, as of June 30, 2017 (see Exhibit 2 and Table 4). Wayne Metro is requesting a transfer from the Counties' funds the City of Detroit in the amount of \$679,984 (\$549,784 for assistance and \$130,200 for conservation) and to the City of Flint in the amount of \$383,535 (\$307,535 for assistance and \$76,000 for conservation). **Table 5** shows the effect of the proposed reallocation of these funds as shown on line 7 of the table.
- 2. Reallocation of Uncommitted FY 2017 Conservation Funds:** In addition to the uncommitted assistance funds, funds remain from the suburban counties' allocation of the conservation funds in both FY 2016 and FY 2017. Wayne Metro is recommending the transfer of \$149,097 of uncommitted FY 2017 Counties' funds to the City of Detroit (\$106,997) and City of Flint (\$42,100).of \$209,027 as reflected in Exhibit 3 of this memorandum and Table 3 of the Wayne Metro memorandum dated August 10, 2018. in conservation dollars be designated for the replacement of fixtures in the home that pre-date the lead-free plumbing code change, in accordance with the funding pool pro rata allocations. The reallocation of these funds is also included in **Table 5** as shown on line 8.
- 3. Need-Based Allocation of FY 2019 WRAP Funds:** Although WRAP is still a relatively new program and new communities are continuing to join WRAP, the utilization of suburban funding allocations is below those of the City of Detroit. In 2017, the GLWA Board reallocated over \$1.6 million to the City of Detroit and \$117,000 to the City of Flint from uncommitted FY 2016 WRAP allocations. A similar request is being made herein for a reallocation of

uncommitted FY 2017 suburban funds. In order to utilize the available funds, Wayne Metro is requesting an allocation for FY 2019 WRAP funds based on a need-based formula, similar to the Community Development Block Grant (CDBG) program. A table of proposed need-based allocations is attached in Exhibit 4 .

BUDGET IMPACT

None

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on April 20, 2018.