



January 31, 2019

Delivered via email to commentletters@waterboards.ca.gov

The Honorable Felicia Marcus, Chair
And Members of the State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Re: Comment Letter on Options for Implementation of a Statewide Low-Income Rate Assistance Program (AB 401 Implementation)

Dear Chair Marcus and Members of the Board:

On behalf of the City of Santa Rosa Water Department, thank you for the opportunity to provide the State Water Resources Control Board (SWRCB or Board) with input and comments on the draft report on Options for Implementation of a Statewide Low-Income Water Rate Assistance Program (W-LIRA). The City of Santa Rosa is an urban retail water supplier in Sonoma County servicing approximately 175,000 residents through approximately 55,000 connections. The City is a member of the Association of California Water Agencies (ACWA), which is the largest statewide coalition of public water agencies in the country, representing more than 440 agencies that collectively are responsible for 90% of the water delivered across California. We fully support the comments and perspectives provided by ACWA in their detailed comment letter provided to you.

Providing safe, affordable and reliable drinking water invokes complex and often competing priorities. In creating a statewide low-income water rate assistance program that successfully provides Californians with safe and affordable water, it is prudent that the Board continue to collaborate with the water community to carefully navigate and balance water affordability, conservation, water quality, proposed drinking water standards, and equitable funding opportunities.

Following are specific comments;

1. Discount Should be Based on Reasonable Indoor Usage

The Board should consider using a volumetric approach in the benefit calculation that is consistent with California's Human Right to Water policy and Conservation Standards. California law recognizes that "every human being has the right to safe, clean, affordable and accessible water adequate for human consumption, cooking, and sanitary purposes" (Ca. Water Code, Sec.

106.3). Additionally, it states that 55 gallons per capita, per day (gpcd) is a reasonable volume of water for all indoor uses including cooking, cleaning, and sanitation (SBx7-7). Therefore, the discount provided under the W-LIRA program should only be applied to the volume of water necessary for “human consumption, cooking, and sanitary purposes” – 55 gpcd to provide Californians affordable access to the basic human right to water and prevent the incentivization of inefficient water use. Additionally, AB 1668 was recently signed into law recommending that the Board and the Department of Water Resources set the reasonable indoor residential water use standard to 50 gpcd by 2030.

In the scenarios presented, the proposed discount applies to 12 hundred cubic feet of water per month, which is in excess of what has been deemed by the state as reasonable indoor use. Further, the draft plan does not address how the board will modify the program should a lower indoor water use standard be set. Adjusting the program benefit to coincide with current water use standards would reduce program costs, prevent incentivization of unreasonable water use, and provide consistency with other California public policies.

2. Factor in Water Cost as a Percentage of Household Income

The cost of water as a percentage of household income should be factored into the Low-Income Rate Assistance program. The current proposed eligibility threshold of 200% of the Federal Poverty Level is overly broad. Best practices for Proposition 218 rate studies take into consideration water affordability by calculating the water bill as a percentage of household income. This same metric should be used when determining customers’ eligibility to receive assistance under the W-LIRA program.

AB 401 defines “low income” as “a household with income that is equal to or no greater than 200 percent of the federal poverty guideline.” This definition allows the Board to use a threshold that is lower than 200 percent. Because the W-LIRA program could result in less affordable water for those just above whatever threshold is used, the Board should evaluate the effect of the program with, and pros and cons of, different income thresholds.

3. Align Water Affordability and Conservation Objectives

Water Conservation and efficiency are central to addressing water affordability concerns. Inefficient use of water, outdated appliances, and leaking plumbing puts unnecessary strains on our water supply and contributes to higher water bills for all Californians.

As part of the rate assistance analysis, consideration should be given to water use efficiency principles that are consistent with current conservation policies as well as with former Governor Brown’s policy, “Making Conservation a California Way of Life,” and subsequent laws that have recently been enacted (AB 1668, Friedman). Considering a means to reduce water consumption in the broader context of water affordability will provide customers with resources to reduce their water bills through conservation as well as align the state’s W-LIRA program with its water use priorities.

The Board should also consider partnering with local non-profits and agencies to conduct leak and conservation audits as part of the enrollment process, as well as, provide funding to help customers fix and replace leaky or inefficient pipes and fixtures.

4. The Program Should Be Funded with Progressive Revenue Sources

While there is a clear need to fund a sensible long-term solution to provide affordable water for Californians, as the Board notes, a public goods charge (i.e. tax on water) is not the appropriate solution. With the recent release of Governor Newsom's budget blueprint containing an interest in continuing the pursuit of instituting a tax on water, it is imperative that the Board remain committed to opposing the use of a regressive tax to fund the W-LIRA program. A tax on water would effectively add further burden to those already struggling to pay their water bill and potentially make water unaffordable for more Californians.

Additionally, customers should not be burdened with a surcharge on their water bill as it is neither equitable nor permissible under state law. Proposition 218 prohibits water providers from charging customers more than the cost to provide water service. Thus, subsidizing any customer or customer class at the expense of other customers is against state law. Requiring water suppliers to collect a surcharge from customers to offset the cost of water for low-income residents directly conflicts with the requirements of Proposition 218.

Funding the W-LIRA program with state and federal resources, or other viable option, provides a more equitable approach than a public goods charge. It does not unnecessarily burden those already in need of financial assistance and reaffirms the state's commitment to ensuring that all Californians have access to safe, clean, affordable water.

5. Distribute Benefits Through Established or New State Program

Many community water systems in California lack the resources necessary to verify the income of individual ratepayers, determine eligibility, and modify billing systems to accommodate monthly credits. Additionally, as the Board noted, community water systems would be unable to aid all eligible households because many pay for water indirectly through rent. Distributing benefits through water bills could also detract from water affordability if costs associated with administration of the program exceeds the proposed recoverable administrative costs of 10%.

Utilizing an existing state benefit program, such as CalFresh, which has a longstanding history of reaching, engaging, and providing support to low income households, would minimize new administrative expenses while maximizing the amount of aid delivered to individuals in need. Although there is potential to lose the nexus with water rate assistance by including the assistance with other benefits, the State will be able to reach all low-income households and not just those who pay water bills directly to community water systems.

6. Continue Collaborative Work with Stakeholders

The Board's commitment to stakeholder involvement in the development of the W-LIRA program is greatly appreciated. It is evident through the presentation of possible scenarios that the Board has considered the recommendations and issues expressed by community water systems throughout California.

Going forward, it is imperative that the Board continue to collaborate with community water system representatives during the development and implementation of a W-LIRA program to ensure access to affordable water, with minimal administrative obstacles and financial burden to other ratepayers.

7. Consider Implementation Costs When Setting New Regulations

AB 401 requires the Board to include in the W-LIRA program plan a set of best practices for cost savings at water utilities to help keep rates down. In the development of these best practices and the setting of new regulations, the Board should consider the cost implications of these new regulations and the affect that they will have on the affordability of water for consumption, cooking and sanitary purposes.

Prior to setting new regulations, an open dialogue between the Board and local water agencies during the development process would be greatly appreciated to ensure that new regulations do not cause undue burdens to local agencies and inadvertently raise water costs.

Thank you for the opportunity to provide input and comments on the draft Low-Income Water Rate Assistance Program. If you have any questions, please contact Kimberly Zunino, Deputy Director of Administration at (707) 543-3960 or KZunino@srcity.org.

Sincerely,



Emma Walton

Interim Director of Water, City of Santa Rosa

cc: The Honorable Felicia Marcus, Chair, SWRCB
The Honorable Sean Maguire, Member, SWRCB
The Honorable Tam M. Doduc, Member, SWRCB
The Honorable Dorene D'Adamo, Member, SWRCB
The Honorable E. Joaquin Equivel, Member, SWRCB
Mr. Gordon Burns, Undersecretary, CalEPA
Ms. Eileen Sobeck, Executive Director, SWRCB
Mr. Michael Lauffer, Chief Counsel, SWRCB
Mr. Eric Oppenheimer, Chief Deputy Director, SWRCB
Mr. Erik Ekdahl, Director, Office of Research, Planning & Performance, SWRCB
Mr. Max Gomberg, Climate and Conservation Manager, SWRCB