


LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM


DATE: May 23, 2017

TO: **BOARD OF DIRECTORS**
Lake Arrowhead Community Services District

FROM:



MARK LOPEZ, Customer Service Supervisor



CATHERINE CERRI, General Manager

SUBJECT: **LOW-INCOME RATE ASSISTANCE PROGRAM**

A. RECOMMENDATION

This is an information item only.

B. REASON FOR RECOMMENDATION

This is an information item only.

C. BACKGROUND INFORMATION

As rates increase so do the demands on low-income and /or military families and a rate discount program could help offset their tight budgets. This program would be a direct way of helping LACSD customers that truly need financial assistance and/or of showing our gratitude for serving our country.

Staff researched similar programs at a handful of other water districts and developed a program that will assist our low-income customers with their fixed water /sewer rates.

Program overview:

- Qualifying income is set at 200% of the federal Health and Human Services poverty guidelines.
- All household members' income must be combined including but not limited to; wages, tips, social security, interest, dividends, pensions, annuities, SSI/SSP, self-employment business income, capital assets, workers' compensation, scholarships, grants, other aid living expenses, legal settlements, spouse/child support, and/or gambling income.

- Customer must live full time at the mountain property, unless serving in the military.
- Owner of no more than one home.
- Customer must reapply annually.
- Water use may not exceed the acceptable daily use per household of 65 gallons/day/person (2.6ccf/person/month).
- Actively serving and/or honorably discharged from the military.
- Customer must notify us immediately if their eligibility status has changed.

Staff have two options for verifying eligibility. 1) Lake Arrowhead CSD will partner with United Way of San Bernardino. Pro: Better vetting of customer. Con: United Way will charge for their services. 2) Lake Arrowhead CSD can require proof customer is already part of the California Alternate Rates Energy (CARE) program, established by the Public Utilities Commission (PUC). Customer will be approved by another utility company, therefore pre-approved for the Districts program. Pro: No cost to district for vetting. Con: Higher chance of customer fraud.

Prop 218 does not allow the District to utilize income from rates to subsidize a group of customers but the revenue from late fees could be used. This policy is currently being reevaluated under Senate Constitutional Amendment No. 4. The State Water Resources Control Board is currently evaluating funding for these types of programs.

D. FISCAL IMPACT

Funding for this program will be based off previous FY non-revenue income, monthly late charges.

Qualifying customers will receive a 25% discount (rounded to the nearest quarter percent) on the fixed portion of their water and sewer bill for up to one year:

Sewer - \$ 12.50

AW water \$9.50 + sewer = \$22

DLP water \$7.75 + sewer = \$20.25

Rimforest water \$ 12.00 + sewer = \$24.5

E. ATTACHMENTS

Attachment 1: Federal Health and Human Services poverty guidelines.

Attachment 2: Sample Six Month Late Fee Report

Federal Health and Human Services poverty guideline

The January 2017 poverty guidelines are calculated by taking the 2015 Census Bureau's poverty thresholds and adjusting them for price changes between 2015 and 2016 using the Consumer Price Index (CPI-U). The poverty thresholds used by the Census Bureau for statistical purposes are complex and are not composed of standardized increments between family sizes. Since many program officials prefer to use guidelines with uniform increments across family sizes, the poverty guidelines include rounding and standardizing adjustments in the formula.

HHS Poverty Guidelines for 2017

The 2017 poverty guidelines are in effect as of January 26, 2017.

See also the [Federal Register notice of the 2017 poverty guidelines](#), published January 31, 2017

2017 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

Persons in family/household	Poverty guideline
1	\$12,060
2	\$16,240
3	\$20,420
4	\$24,600
5	\$28,780
6	\$32,960
7	\$37,140
8	\$41,320

For families/households with more than 8 persons, add \$4,180 for each additional person.

**Late Fee Summary August 1, 2016 - February 28,
2017**

	# of Customers	10%	# of Customers	1%	Total	<u>LIRA</u>
Arrowhead Woods	3132	\$36,530.39	904	\$4,883.40	\$41,413.79	726
Deer Lodge Park	110	\$1,488.99	36	\$118.51	\$1,607.50	34
Rimforest	145	\$2,350.83	64	\$306.23	\$2,657.06	36
Sewer	3440	\$32,129.61	1000	\$5,557.41	\$37,687.02	523