



Detroit Water and Sewerage Department

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Legislation Text

File #: 20-0058, **Version:** 1

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes **an increase to the Water Residential Assistance Program (WRAP) funding and the expansion of program eligibility criteria**, and authorizes the Director and Chief Financial Officer to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of February 19, 2020

Item No. 20-0058

Amount: To be determined.

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Gary Brown, Director
Water and Sewerage Department

RE: Resolution to Increase Water Residential Assistance Program (WRAP) Funding and to Expand Program Eligibility Criteria

MOTION

Upon recommendation of Director Gary A Brown and Chief Financial Officer Thomas Naughton, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department hereby:

- A. Approves and authorizes the following amendment to Section 5.3 (a)(vi) and (b)(vi) of the Water and Sewer Services Agreement between the City of Detroit and Great Lakes Water Authority which currently reads as follows:

The amount necessary to be deposited to the WRAP Fund, which shall be equal to 0.5% of the base budgeted operating revenues for the Detroit Local Systems for such Fiscal Year.

And is now amended to read as follows:

The amount necessary to be deposited to the WRAP Fund, which shall be equal to 1.0% of the base budgeted operating revenues for the Detroit Local Systems for such Fiscal Year; and

- B. Authorizes and approves expansion of WRAP eligibility criteria to include the following:
- Increase eligibility for residential customers from 150% to 200% or less of federal poverty level;

- Increase conservation and plumbing repairs spending per household from \$1,000 to an average of \$1,500 for eligible residential customers;
 - 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;
 - 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
 - Provide eligible residential customers with supplemental conservation and plumbing services, financial education services, and other related wraparound services; and
- C. To the extent that GLWA or the City incurs any liability or incurs any judgment related to its administration of the WRAP Fund or the provisions of this Resolution, authorizes and approves the amounts of such liability and/or judgment be paid from WRAP Fund prior to additional distributions from the WRAP Fund to residential customers.

BACKGROUND

The City of Detroit and the Great Lakes Water Authority (GLWA) entered into a Regional Sewage Disposal System Lease, Regional Water Supply System Lease (collectively, the Leases), and a Water and Sewer Services Agreement (WSSA) to facilitate GLWA's provision of the water supply and sewage disposal services to its member-partner communities, including the City of Detroit. The City and the Board of Water Commissioners are dedicated to providing Detroit citizens with the nation's best water supply and sewage disposal services.

The Board recognizes that for some residential customers of GLWA's member-partner communities, especially in the City of Detroit, the cost of water supply and sewage disposal services presents a burden that they may not be able to afford. As such, the Board seeks to provide a means to reduce the number of residential customers who may be subject to service interruption due to an inability to pay for services and ultimately to reduce such service interruptions.

The Board recognizes that some residential customers can benefit from regional programs to reduce residential service disconnections, accrued billing arrearages, collection expenses and water consumption through leaks and outdated plumbing fixtures; and that such programs provide residential customers with public health and other non-monetary benefits, and improves revenue collection rates.

Section 5.6(a)(v) of the Leases states that GLWA shall include within its budgeted revenue requirement:

The amount necessary to be deposited to the WRAP [Water Residential Assistance Program] Fund which shall be a common-to-all charge equal to 0.5% of the base budgeted operating Revenues for the Regional Water [and Sewer] System for such Fiscal Year; and

Section 5.3(a)(iv) and (b)(vi) of the WSSA states that the City shall include within its Local System Budget:

The amount necessary to be deposited to the WRAP Fund, which shall be equal to 0.5% of the base budgeted operating revenues for the Detroit Local Systems for such Fiscal Year.

The Leases must be amended by the City and GLWA Board, as the Leases relate to the disposition of City assets.

Since its inception, the WRAP Fund has assisted almost 19,000 residential customers throughout GLWA's service area, including 17,000 in the City of Detroit, with payment assistance, water conservation and plumbing repairs, and wraparound services, thereby preventing service interruptions and bringing stability to participating residential households. GLWA's WRAP administrators, Wayne Metropolitan Community Action Agency, Oakland Livingston Human Services Agency, Genesee County Community Action Resource Department, Macomb Community Action, and Monroe County Opportunity Program, recommend an increase in the funds deposited in the WRAP Fund and changes in the WRAP eligibility requirements. An increase in funds deposited in the WRAP Fund and changes to the WRAP eligibility criteria would enable the WRAP to reach more residential customers who are struggling to pay for water supply and sewage disposal services.

The Board's approval of these changes to the WRAP will be conditioned on the City and GLWA's Board of Directors authorizing an amendment to the Leases and WSSA. The Board of Water Commissioners' approval is pursuant to its rate-setting authority for the local retail system under Section 7-1202 of the City Charter, and will authorize an amendment to the WSSA.

BUDGET IMPACT

The expenses associated with the action are within levels and programs authorized as a part of the DWSD's budget.

BOARD REVIEW

This matter was individually reviewed by each member of the Board.