



1800 Limerick Street  
Alexandria, VA 22314  
alexrenew.com

**Board of Directors**  
John Hill, Chair  
James Beall, Vice Chair  
Adriana Caldarelli, Sec'y-Treas  
Mark Jinks  
Rebecca Hammer  
**Chief Executive Officer**  
Justin Carl, PE  
**General Counsel**  
McGuireWoods, LLP

Monday, October 16, 2023 – 5:30 p.m.

## Board of Directors Finance and Audit Committee Meeting Agenda

**In-person:** AlexRenew Environmental Center (1800 Limerick St)  
Ed Semonian Boardroom, Room 600

**Virtual:** [Microsoft Virtual Events Powered by Teams](#)

Public comments will be received at the meeting. If you wish to speak during public comment, please contact the Board Secretary at (703) 721-3500 ext. 2260 or [lorna.huff@alexrenew.com](mailto:lorna.huff@alexrenew.com) in advance so you can be added to the speakers list. Submission of written statements is encouraged and may be emailed to the Board Secretary.

A recording of the meeting will be posted on [alexrenew.com](http://alexrenew.com) after the meeting.

No.	Item	Presenter	Action
1.	Call to Order (5:30 p.m.)	Chair	
2.	Approval of Agenda (5:32 p.m.)	Chair	Approval
3.	Public Comment Period (5:35 p.m.)	Chair	
4.	Consent Agenda (5:40 p.m.) a. Minutes from March 27, 2023, meeting (Tab 1)	Chair	Approval
5.	Unfinished Business (5:45 p.m.) a. None	Chair	
6.	New Business (5:45 p.m.) (see Page 2 for additional notes) a. Potential Enhancements to AlexRenew's Existing Payment Assistance Program i. Framework for Discussion based on Board Memos and Staff Presentation (Tab 2) ii. Overview of AlexRenew's Existing Payment Assistance Program iii. Defining Affordability vs Assistance Programs iv. Alignment Discussion to Define Objectives for Potential Enhancements to AlexRenew's Payment Assistance Program v. Ranking of Potential Enhancements vi. Summary and Next Steps	Chair, Mr. Hill	Discussion
7.	Adjourn (7:00 p.m.)	Chair	

Times shown in parentheses ( ) are approximate start times and serve as guidelines

If you need an interpreter, translator, materials in alternate formats or other accommodations to access this service, activity or program, please call (703) 721-3500 ext. 2260 at least three business days prior to the meeting.

The next Regular Board of Directors meeting is scheduled for Tuesday, October 17, 2023 @ 6:00 p.m. The next Board Finance and Audit Committee meeting is scheduled for Monday, November 13, 2023 @ 5:30 p.m.

Additional notes for Agenda Item 6:

6.a.iv “Alignment Discussion to Define Objectives for Potential Enhancements to AlexRenew’s Payment Assistance Program” will include discussion of the following questions:

- What is the public outcome we are trying to achieve?
- What segment of our customer base are we trying to assist and under what conditions?

6.a.v “Ranking of Potential Enhancements” will include an exercise to record Board member ranking and risks/rewards. Using a series of flip charts, Board members will “dot” their top three priorities and share ideas of risk/rewards for (1) potential enhancements and (2) potential funding sources to existing/new programs using the lists below.

Potential Enhancements	Potential Funding Sources
<ul style="list-style-type: none"> <li>– Payment plan adjustments</li> <li>– Late fee adjustments</li> <li>– Water Fund</li> <li>– Support City-owned and operated water assistance program</li> <li>– Income-based rate assistance program</li> <li>– Income-based low-flow fixture installation reimbursement program</li> <li>– Other</li> </ul>	<ul style="list-style-type: none"> <li>– Billing opt-in contributions/donations</li> <li>– Support lobbying for permanent Federal LIHWAP program</li> <li>– AlexRenew Payment In-lieu of Taxes</li> <li>– City General Fund</li> <li>– Rate revenues: support lobbying for State Code law amendment (2025) to create clear legal authority for income-based rate assistance program</li> <li>– Other</li> </ul>

6.a.vi “Summary and Next Steps” will include a summary of Board rankings, request any clarifications needed for new options, and provide direction to staff for further analysis of top ranked options.

Minutes of the Finance & Audit Committee of the  
Alexandria Renew Enterprises Board of Directors  
Monday, March 27, 2023

On Monday, March 27, 2023, at 5:30 p.m., the Alexandria Renew Enterprises Board of Directors held its Finance and Audit Committee in the Ed Semonian Board Room at 1800 Limerick Street, with the following present:

Members: Mr. Mark Jinks, Committee Chair  
Mr. John Hill, Chair ex. Officio  
Mr. William Dickinson, Secretary-Treasurer

Staff: Mr. Justin Carl, GM/CEO  
Ms. Wendy Callahan, Chief Human Resources  
Ms. Caitlin Feehan, Chief Administrative Officer  
Ms. Felicia Glapion, Chief of Engineering  
Mr. Lake Akinkugbe, Director of Finance  
Ms. Lorna Huff, Secretary to the Board

Consultants: Mr. Rob Ori, Raftelis

Call to Order

The Chair called the meeting to order at 5:30 p.m.

Approval of Agenda

Chair inquired if members had changes to the agenda. There being none, he requested a motion to approve. Mr. Dickinson moved and Mr. Hill seconded. The Board unanimously approved.

Public Comment

There being no members of the public in attendance and wishing to speak, the Chair closed the public comment period.

Consent Agenda

The Chair requested that members review the Consent Agenda which included the Minutes from the October 17, 2022, Finance and Audit Committee meeting. There being no questions or comments, Mr. Jinks moved approval of the Consent Calendar. Mr. Dickinson seconded. The Board unanimously approved.

New Business

A. Review and Discuss the Proposed FY2024 Proposed Operating & Capital Budget & FY2024 and FY2025 Rate Adjustment

Discussion

The Chair recognized Mr. Carl, who introduced AlexRenew's executive team to answer questions members may have on AlexRenew's FY2024 Operating and Capital Budget and FY2024 and FY2025 Rate Adjustment. Mr. Carl has structured the meeting to facilitate conversations and questions from members throughout the presentation.

Mr. Akinkugbe provided an overview of the AlexRenew Proposed FY2024 Operating and Capital Budget. Highlights include a balanced budget of approximately \$263 million. The Revenue Budget consists of three (3) main components: Operating revenues of \$66, 468,320 from wastewater treatment charges; Fairfax County IR&R and Capital Contributions totaling \$36,468,320 and Debt Proceeds of approximately \$159.9 million. Revenues are primarily driven by debt to support RiverRenew peak spending.

AlexRenew staff proposes a rate adjustment for FY2024 and FY2025 of 5.4%, and 5.1% per year which amounts to a \$2.72 and \$2.71 per month, respectively. He noted the FY2024 Operating and Capital Budget is 8.5% higher than the FY 2023 Budget. With increases in personnel, utilities, and chemicals being significant drivers. Mr. Jinks inquired if staff used surpluses as a source of financing for the subsequent year's budget. Mr. Akinkugbe reported that similar to other municipalities, AlexRenew does not use a carryover budget. Revenue minus expenditures goes to cash reserves.

Mr. Dickinson inquired about the Fairfax County contribution to the AlexRenew Infrastructure, Renewal & Replacement (IRR) Fund and requested clarification on the Fairfax County split with the RiverRenew program and what group uses the larger meters. Mr. Carl reported that the large meters are apartment buildings which are classified as commercial customers. Mr. Hill referenced slide 6 and inquired where the General Admin, Customer Service and Other category shows up in the budget, and the corresponding detail pages for that line item. Mr. Carl reported that the category is broken down on the slide but there are no corresponding pages in the Budget book. Mr. Dickinson inquired about utilities increases. Mr. Akinkugbe reported that the utilities increases are largely due to the fuel surcharge associated with the electricity. Mr. Carl and Ms. Feehan explained the costs associated with the chemical suppliers and that contract increases are across the industry. Mr. Dickinson inquired about how consultants are classified. Mr. Carl reported that consultants like Raftelis are categorized under General, Admin, Customer Service and Other. Mr. Jinks inquired about AlexRenew's participation in the Metropolitan Council of Governments (MCOG) Cooperative Procurement Program. Ms. Feehan reported that AlexRenew participates in the MCOG program as an option for procurement. Mr. Jinks explained how the Cooperative Purchasing program works and Mr. Carl reported that staff checks to see if a contract rider is available for certain procurement and uses the rider if possible.

Mr. Dickinson inquired about AlexRenew's turnover rate. Mr. Carl and Ms. Callahan reported that AlexRenew as well as the industry is at an inflection point with tenured staff with many reaching retirement age and accounting for some of the turnover. Staff continues to create career ladders for people to grow. Mr. Jinks requested that staff provide information on staff attrition at future budget meetings.

Mr. Akinkugbe then reviewed the major IR&R projects and Capital projects in the FY2024 Budget. Mr. Hill inquired about the Commonwealth Interceptor project noting, the City is investing money in this corridor as well as AlexRenew. He requested that staff work with the City and collaborate for a consistent message to citizens. Mr. Carl reported that staff and the City share information and the City is setting up a working group for a comprehensive analysis of the program. Mr. Hill requested that text be added to the page in the CIP major projects indicating this.

There were no additional questions on the Budget and Ms. Feehan presented the FY2024-FY2025 rate recommendations of 5.4%, and 5.1%, respectively. This promotes revenue predictability and allows for adjustment of rates as conditions, and certainty for CIP funding.

Mr. Carl discussed AlexRenew's delinquencies showing the residential and commercial accounts with over 60-day balances. Most are residential. The amount past due makes up a larger percentage \$333,000. He noted active payment plans account for \$220,000. He reviewed where the delinquencies are located within Alexandria. He then reviewed AlexRenew's history of disconnections, aid and payment plans.

Mr. Carl reported on next steps including updating the Budget book and preparing for the public hearing and public notice of the budgets and rate recommendations.

There being no additional questions or comments, the Mr. Jinks requested a motion to approve. Mr. Dickinson moved and Mr. Jinks seconded. The Board unanimously approved.

**APPROVED**

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**Committee Chair**





**AlexRenew**

Board of Directors Meeting  
**AlexRenew Affordability  
Overview**

September 19, 2023



# Outline of today's discussion

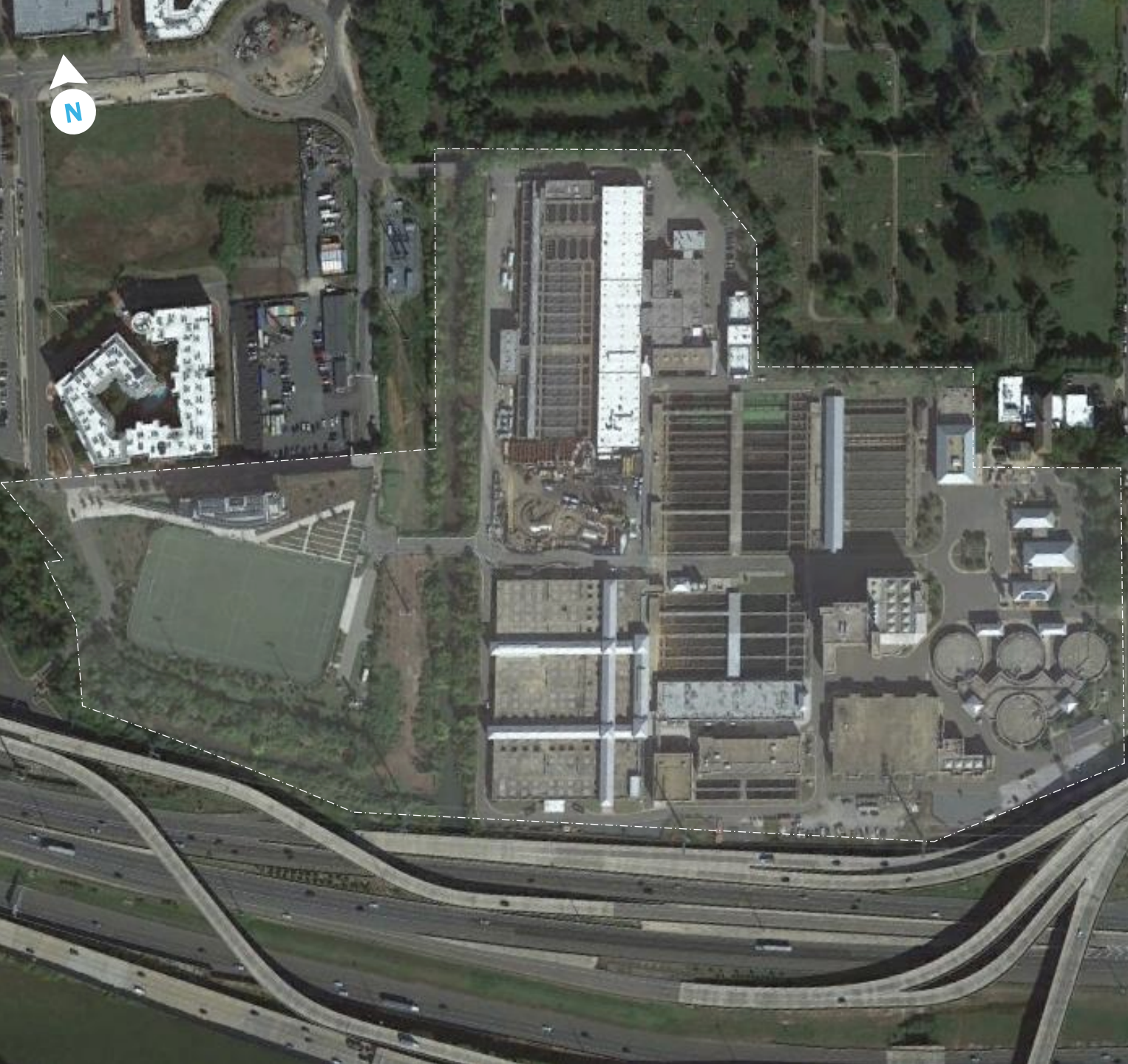
- What is affordability?
- AlexRenew overview and sewer rate drivers
- The cost of clean water in Alexandria
- Alexandria clean water costs compared nationally
- Current AlexRenew and City programs to support the community
- Deep dive on current AlexRenew delinquencies
- Potential options to assist customers with clean water costs
- Major takeaways

# What is affordability?

- A measure of an individual's ability or capacity to afford an expense
- When basic expenses approach or exceed income
- Community specific



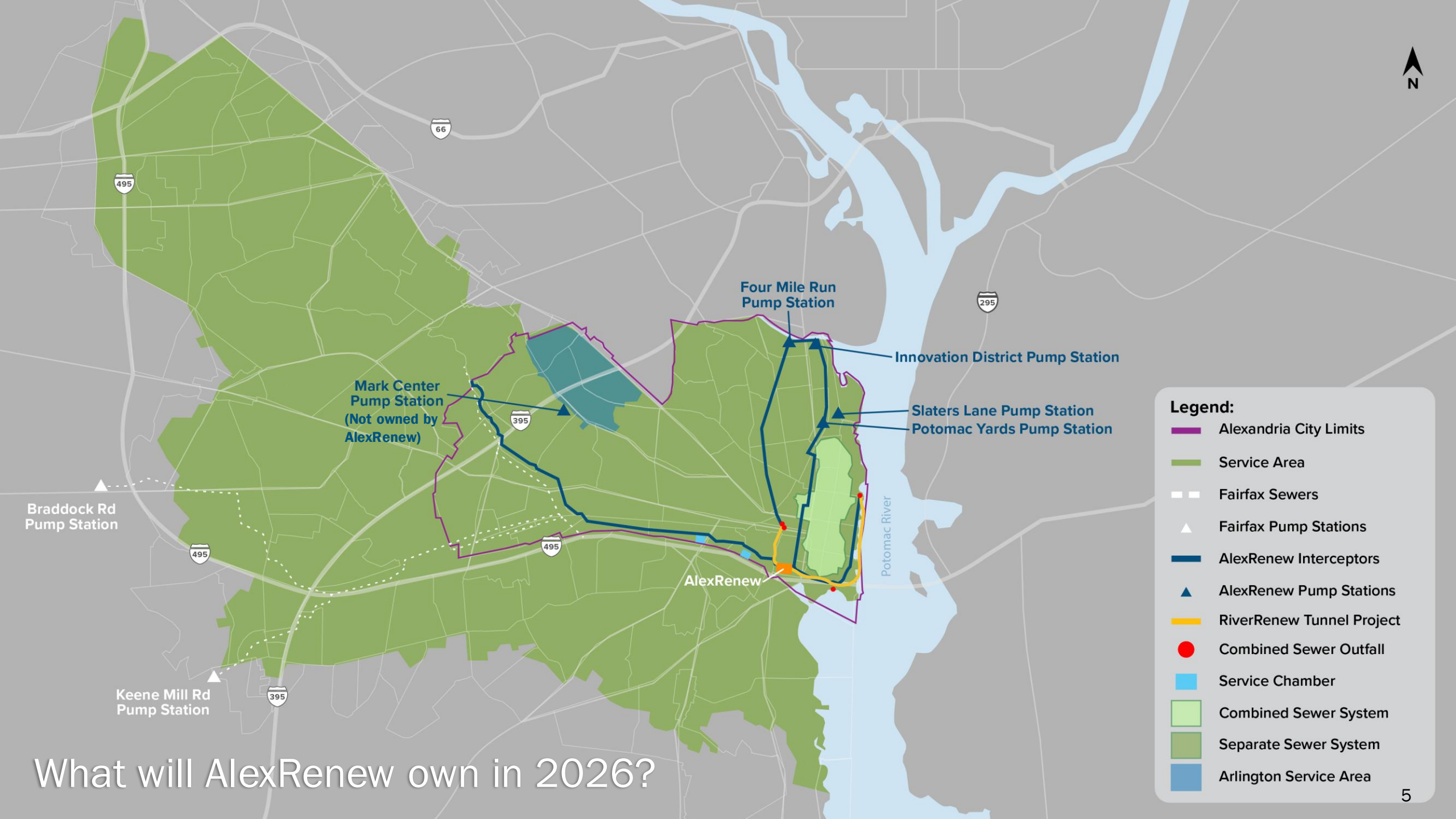




# AlexRenew

- Independent political subdivision established by the Virginia Water and Wastes Authorities Act
- Single purpose mission to manage wastewater
- Separate from the City of Alexandria
- Governed by a 5-member citizen Board
- Meets stringent water quality standards to meet Bay requirements
- Manages flow from ~27,000 account holders in Alexandria
- Provides service to Fairfax County as wholesale customer
- Fully recovers cost of services through rates





What will AlexRenew own in 2026?

# What impacts AlexRenew's rates and charges?

Regulatory	Employees	Inflation	Growth
<p>Process upgrades</p> <p>Nutrient removal</p> <p>Laws and TMDLs</p> <p>Climate and resiliency</p> <p>Financial oversight requirements</p> <p>Cybersecurity</p>	<p>Compensation</p> <p>Cost of living</p> <p>Benefits</p> <p>Safety</p> <p>Training and licensing</p> <p>Additional staffing needs</p>	<p>Utilities</p> <p>Chemicals</p> <p>Materials and equipment</p> <p>Contracted services</p> <p>Capital costs</p>	<p>Water use trends</p> <p>Changes in flows/loads</p> <p>New development</p> <p>New assets</p>

# AlexRenew's fiscal principles guide decisions around our rates and charges



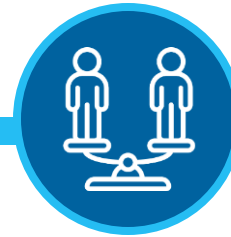
Operate a fiscally stable and sustainable utility



Fully recover costs via rates



Provide transparent and timely reporting



Allow payment flexibility to assist those facing financial hardship, while maintaining equitable revenues

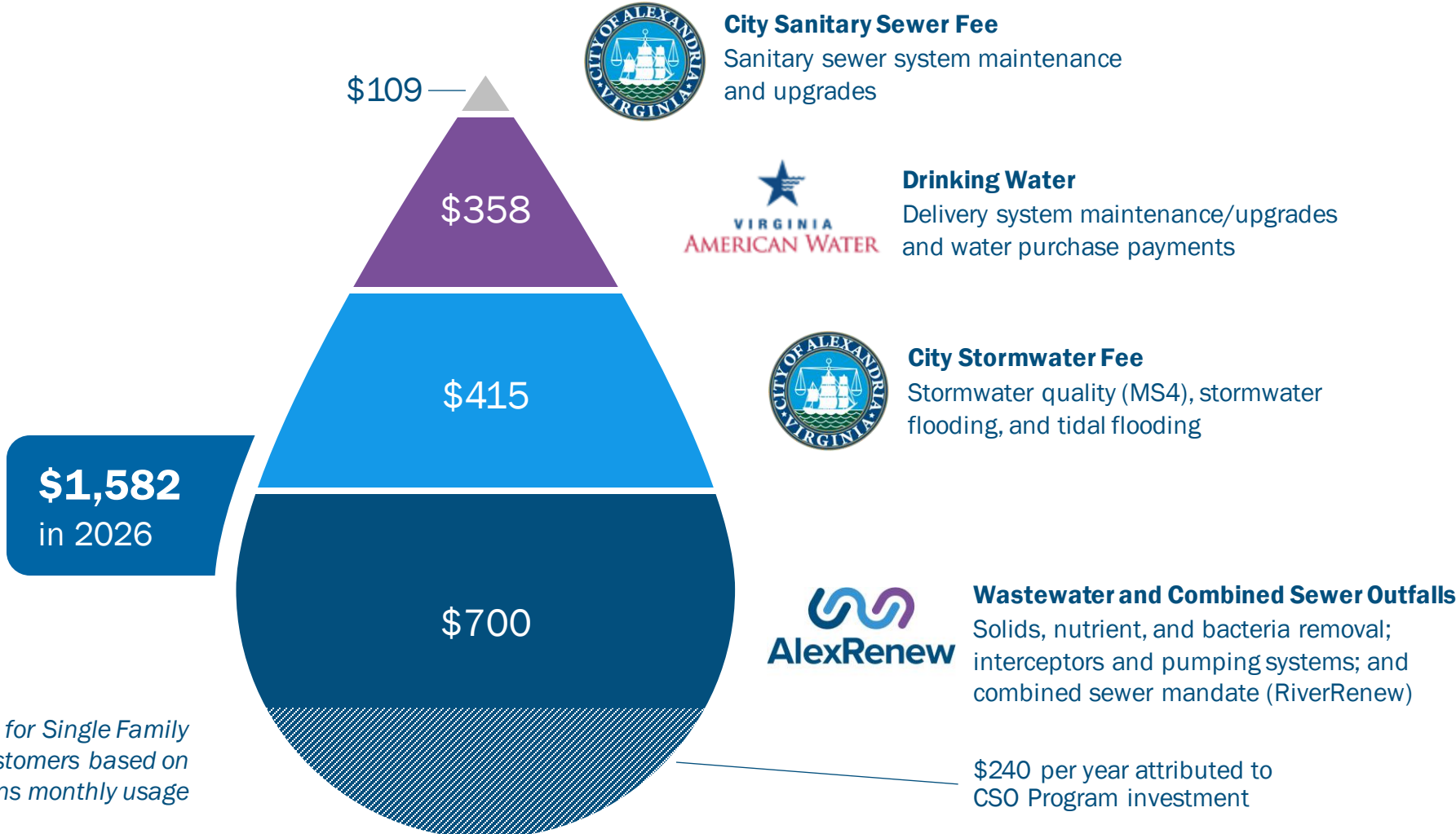


Comply with Master Indenture of Trust and Loan Documents



Comply with adopted Financial Policies

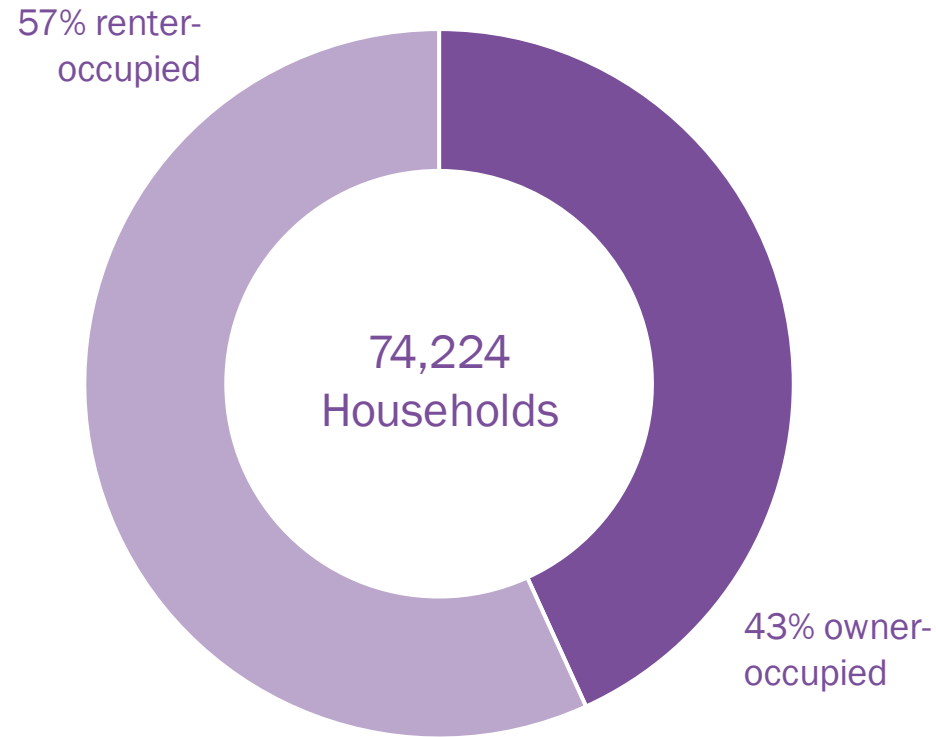
# What is the projected cost of clean water in Alexandria, VA in 2026?



Estimated Charges for Single Family Residential Customers based on 4,000 gallons monthly usage



# Alexandria households summary



**43%** of households are one-person households



**20%** of households have a member 65+



**20%** of households have children under 18



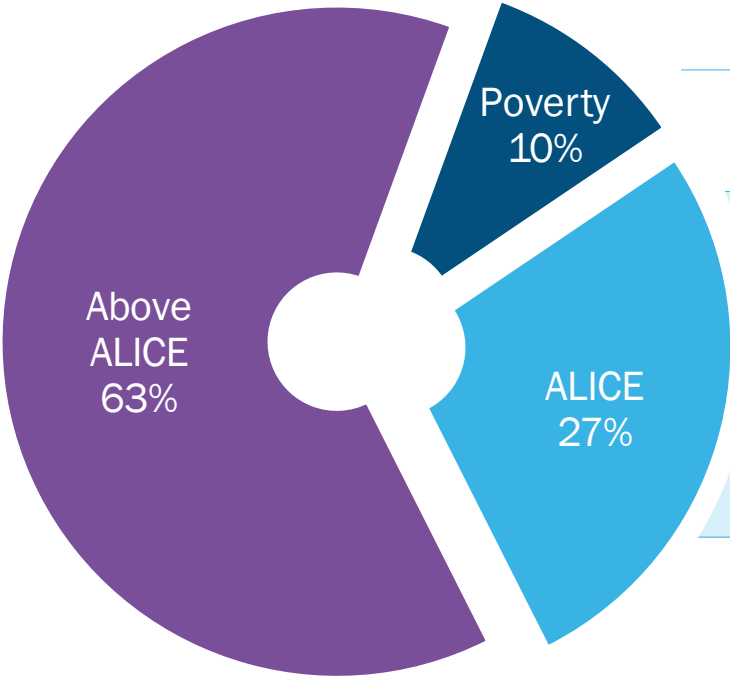
**2.1** Average household size

Source: U.S. Census, American Community Survey, 5-year estimate (2017-2021)

# Alexandria, VA metrics per 2023 United for ALICE Report



Asset Limited, Income  
Constrained, Employed

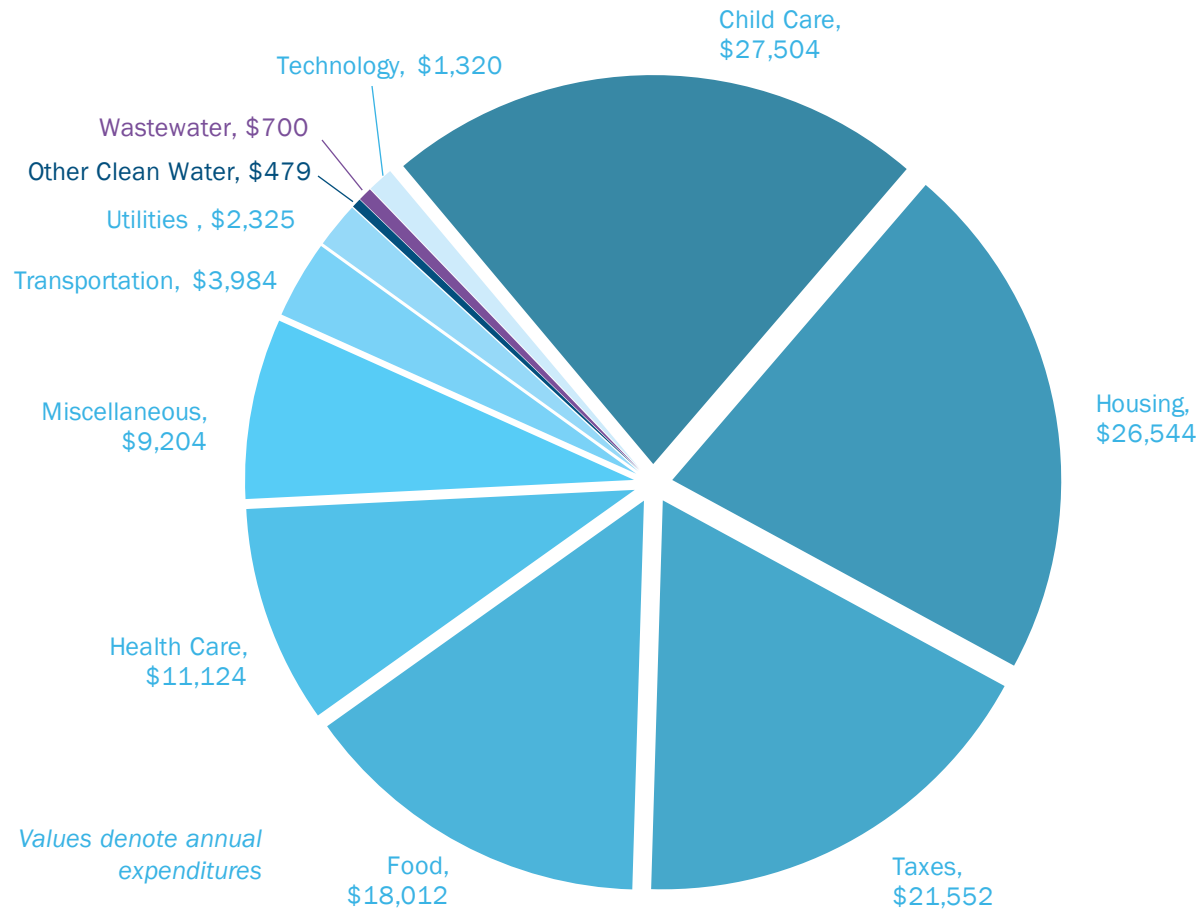


Alexandria, VA  
ALICE metrics

	Households	Poverty Rate	ALICE	Median Household Income
Alexandria, VA	72,024	10%	27%	\$101,162
Virginia	3,300,111	10%	28%	\$80,963
United States	126,903,920	13%	29%	\$69,717*

Source: 2023 United for ALICE Report, 2021 data  
\*U.S. Census, 2021 data

# What is the cost of clean water as part of the total cost of living in Alexandria for a **two-adult household with two children in childcare?**



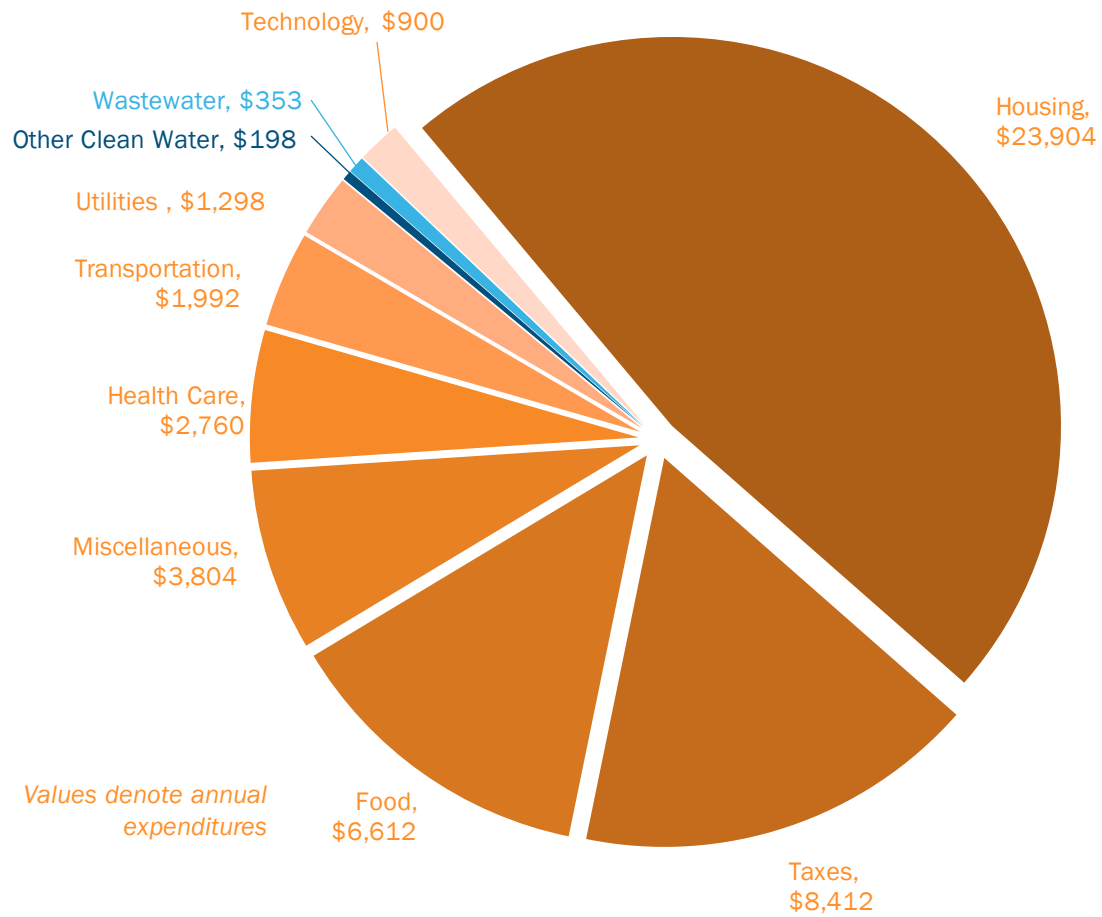
## 2021 ALICE Point-in-Time-Data

Basic Household Survival Budget*	<b>\$107,544</b>
Full Time Hourly Wage Required	<b>\$53.77</b>
Median Household Income	<b>\$101,162</b>

\*Does not include any “savings” or “extra”

- Source: <https://www.unitedforalice.org/household-budgets/Virginia>, 2021 data
- Wastewater and Other Clean Water costs represent 2026 estimates
- Miscellaneous: Cost overruns estimated at 10% of the budget, excluding taxes, to cover one-time unanticipated costs within the other categories

# What is the cost of clean water as part of the total cost of living in Alexandria for a **one-person household**?



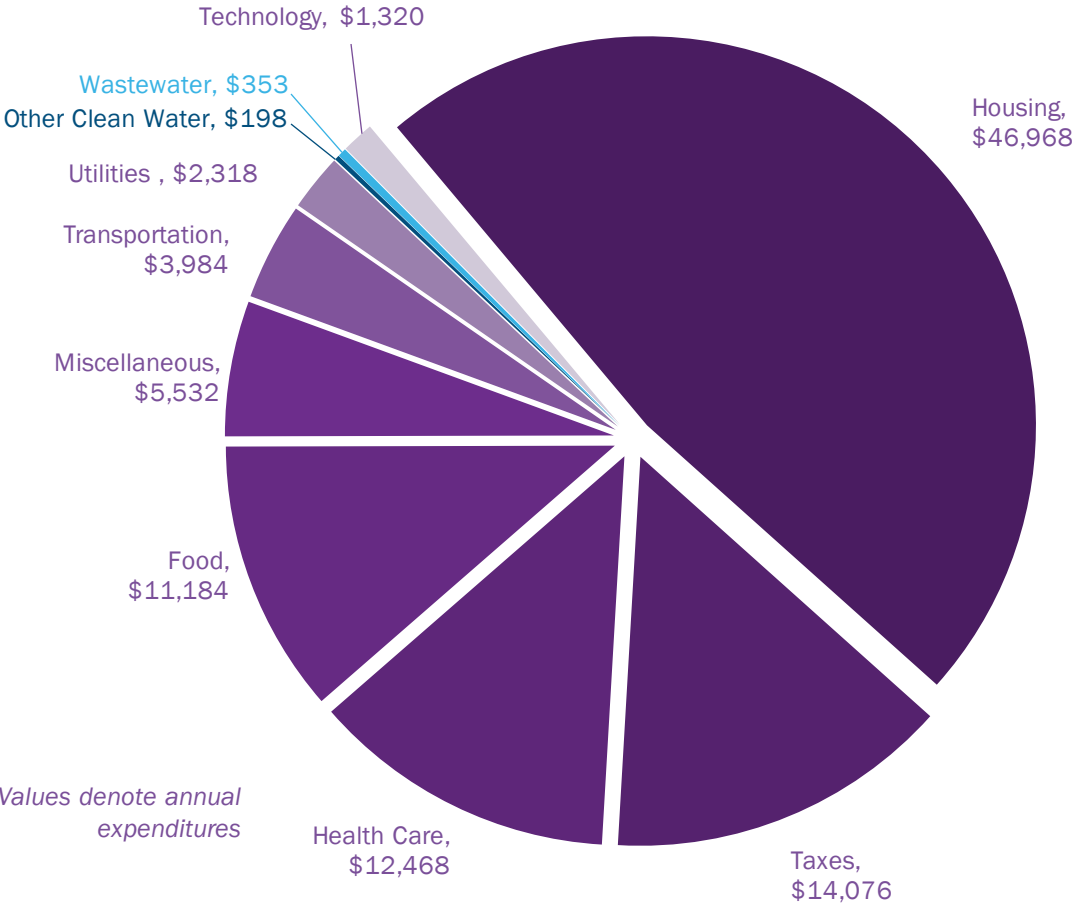
## 2021 ALICE Point-in-Time-Data

Basic Household Survival Budget*	<b>\$50,232</b>
Full Time Hourly Wage Required	<b>\$25.12</b>
Median Household Income	<b>\$101,162</b>

\*Does not include any “savings” or “extra”

- Source: <https://www.unitedforalice.org/household-budgets/Virginia>, 2021 data
- Wastewater and Other Clean Water costs estimated based on commercial apartment building usage
- Miscellaneous: Cost overruns estimated at 10% of the budget, excluding taxes, to cover one-time unanticipated costs within the other categories

# What is the cost of clean water as part of the total cost of living in Alexandria for a **two-senior adult household**?



### 2021 ALICE Point-in-Time-Data

Basic Household Survival Budget*	<b>\$74,916</b>
Full Time Hourly Wage Required	<b>\$37.46</b>
Median Household Income	<b>\$101,162</b>

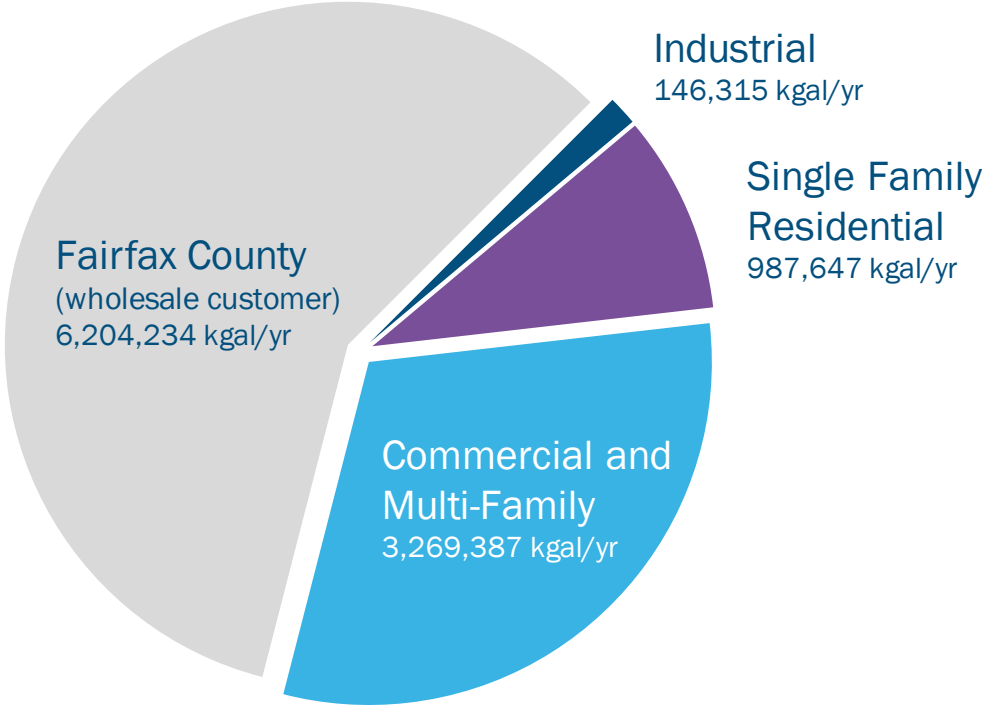
\*Does not include any “savings” or “extra”

- Source: <https://www.unitedforalice.org/household-budgets/Virginia>, 2021 data
- Wastewater and Other Clean Water costs estimated based on commercial apartment building usage
- Miscellaneous: Cost overruns estimated at 10% of the budget, excluding taxes, to cover one-time unanticipated costs within the other categories



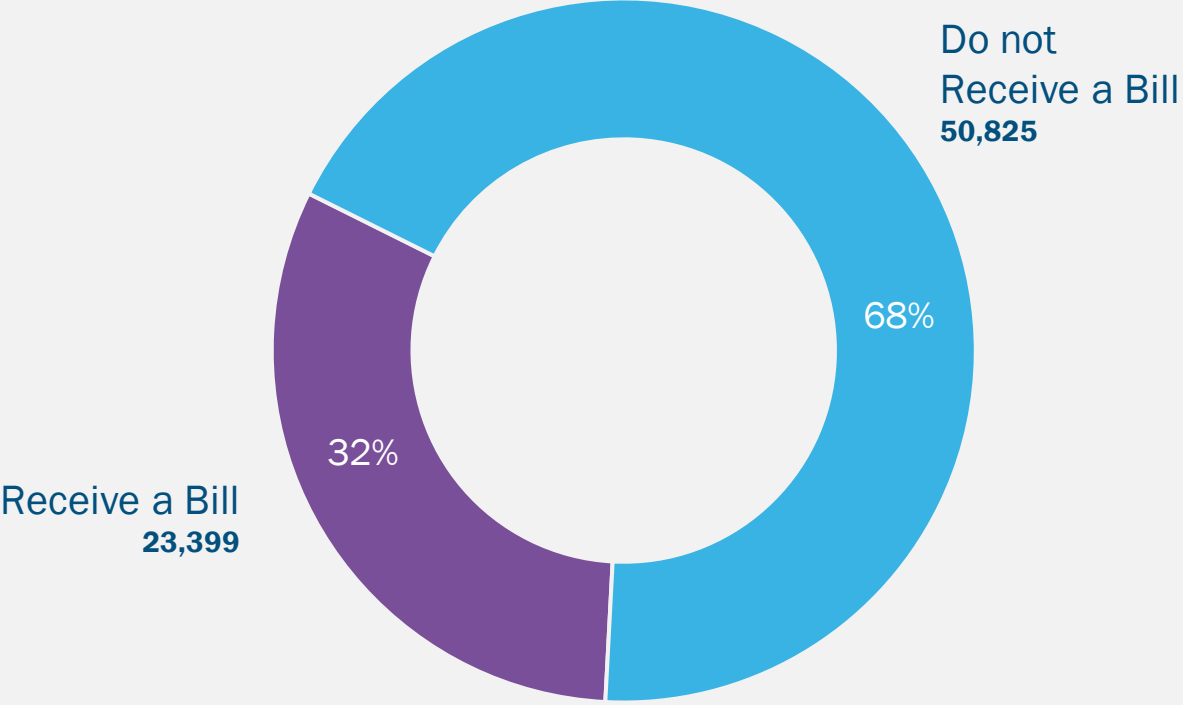
# What portion of Alexandria households receive a bill from AlexRenew?

**AlexRenew Annual Flow by Account Type**



*\*Amounts shown reflect billed flows based on metered flows for Fiscal Year 2022*

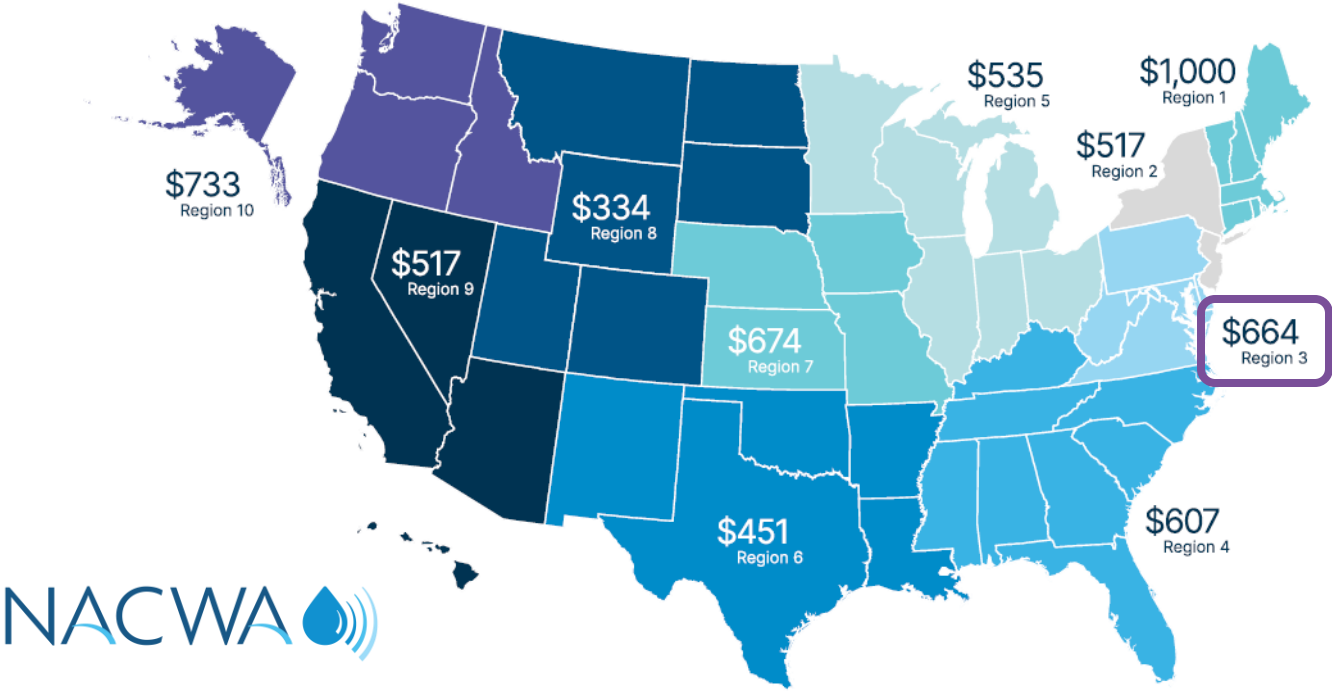
**Households that Receive a Bill from AlexRenew**



*Source: U.S. Census, American Community Survey, 5-year estimate (2017-2021)*

# What is the national cost of wastewater in 2022?

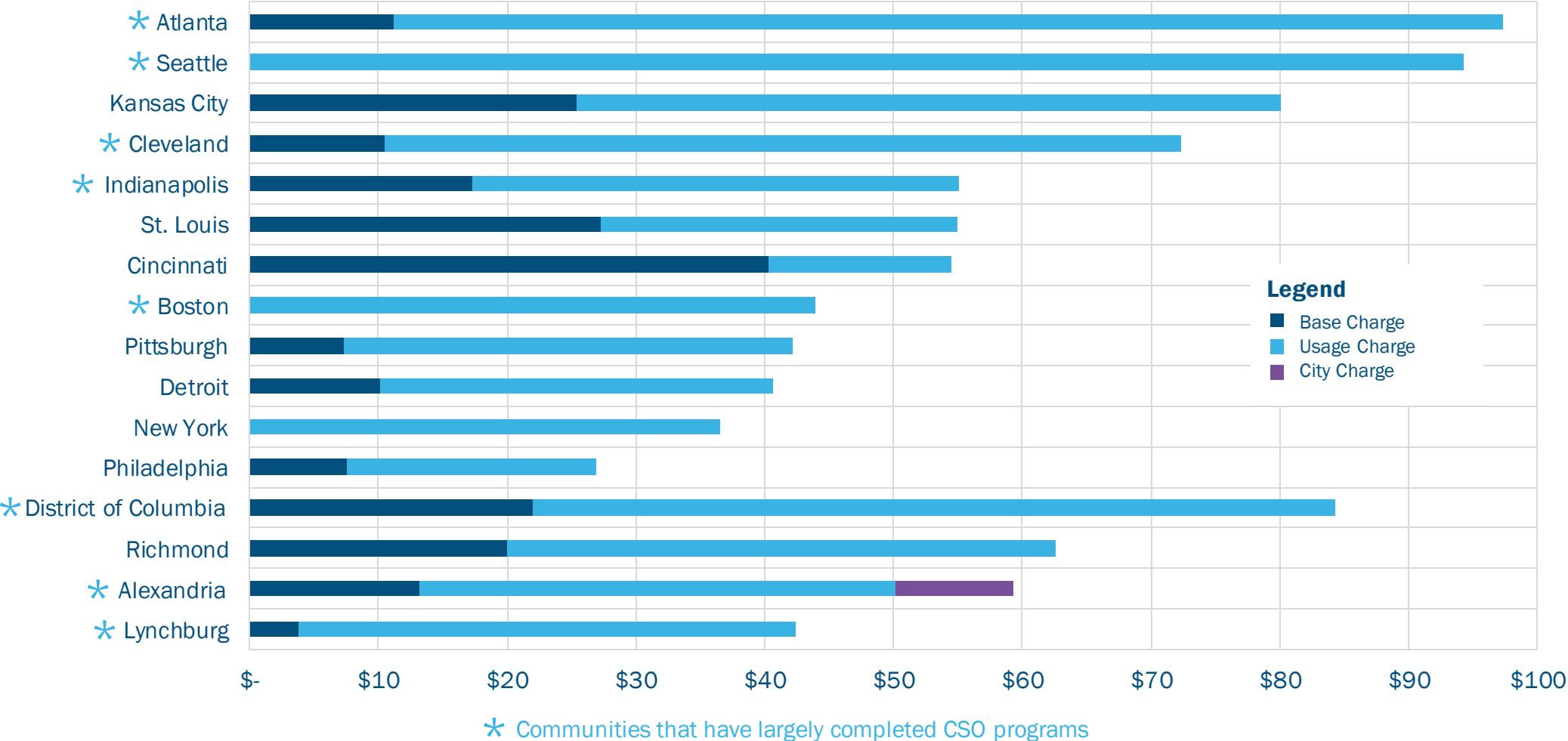
- 107 Million**  
POPULATION SERVED
- 173**  
UTILITY RESPONDENTS
- \$569**  
AVERAGE NATIONAL ANNUAL SEWER SERVICE CHARGE
- 4.5%**  
INCREASE IN SEWER CHARGES 2021-2022
- 8.0%**  
INCREASE IN CONSUMER PRICE INDEX 2021-2022



NACWA   
2 0 2 2  
**Cost of Clean  
Water Index**

# How does Alexandria compare to other combined sewer community monthly sewer charges in 2023?

Monthly Sewer Charges for Single Family Residential Customers  
Based on 4,000 gallons monthly usage



# EPA's Lowest Quintile Poverty Indicator Score for Alexandria, VA

*The EPA developed the calculation of the Lowest Quintile Poverty Indicator to aid in assessing the severity and prevalence of poverty in a community's service area.*

Indicator	Weight	National Value	City of Alexandria Value	Score
Upper Limit of Lowest Quintile Income	50%	\$28,336	\$49,912	3
Percentage of Population with Income Below 200% of Federal Poverty Level	10%	28.61%	22.27%	2
Percent of Households Receiving Food Stamps/Snap Benefits	10%	12.40%	5.30%	3
Percentage of Vacant Housing Units	10%	11.20%	7.27%	3
Trend in Household Growth	10%	1.35%	4.12%	3
Percentage of Unemployed Population 16 and Over in Civilian Labor force	10%	6.30%	4.27%	3
<b>Lowest Quintile Poverty Indicator Score</b>				<b>2.9</b>
<b>Benchmark</b>				<b>Low Impact</b>

Source: EPA Clean Water Act Financial Capability Assessment Guidance, February 2023

# What is Alexandria's Lowest Quintile Poverty Indicator Score per EPA?



Low Impact

LQPI Score: Above 2.5



Medium Impact

LQPI Score: 1.5 to 2.5



High Impact

LQPI Score: Below 1.5

Alexandria, VA  
LQPI Score: **2.9**  
**Low Impact**

EPA strongly encourages additional subsidy or grant consideration from governmental funding sources for entities that show a medium or high impact LQPI Score

Source: EPA Clean Water Act Financial Capability Assessment Guidance, Feb 2023



# How does affordability in Alexandria, VA compare nationally?

## EPA Financial Capability Assessment:

Utility bill in ratio to the Lowest Quintile of Income (LQI, 20th percentile)

$$\frac{\text{Annual cost of water}^*}{\text{20th percentile of household income}} = \%$$

## National Picture

$$\frac{\$967}{\$28,336} = 3.41\%$$

## Alexandria Picture

### Water and Wastewater

$$\frac{\$1,167}{\$49,912} = 2.34\%$$

### Wastewater

(incl. City Sanitary Charge)

$$\frac{\$809}{\$49,912} = 1.62\%$$

Source: U.S. Census, 2021 data

\*Does not include stormwater fees

Water and Wastewater costs represent 2026 estimates

# What does AlexRenew currently do to manage our budget and rates effectively while supporting our local economy and community?

## Policy and Planning

- Rate policy to ensure rates are set fairly
- Financial policies to adequately plan annual budget and long-range capital investments
- Detailed rate model exercised annually
- Financial planning and investment strategy
- Community benefit policy helps to return work to local region (\$270M invested regionally through RiverRenew)
- Leverage low interest loan programs

## People

- Low-Income Household Water Assistance Program (LIHWAP)
- Payment plans (up to 48-months)
- One time bill payment assistance (Cares, ARPA)
- Waiving of late fees on bills
- Further lobbying to make federal LIHWAP assistance permanent
- Provide community enhancements through infrastructure work

## Pipes and Plants

- Reuse of water, natural gas to offset operating expenses
- Sustainability focus (LEED and Envision)
- Energy efficient equipment
- Solar power where feasible
- “Smart” utility
- Continuous training to improve efficiencies

# Has AlexRenew previously implemented a customer assistance program?



- Funded through customer contributions, donations, and/or fundraising activities
- Endorsed by the AlexRenew Board in 2015
- Administered through United Way from 2016-2020
- Requires 501(c)(3) partnership or creation of a new 501(c)(3)
- AlexRenew absorbed administrative costs

# How does AlexRenew rely on other water providers in its support of community economics?



## Drinking Water

- Water audits and leak assistance
- Dollar energy payment assistance program
- Low-Income Household Water Assistance Program (LIHWAP)



## Storm, Sanitary, and Combined Sewer Collection System

- Supported distribution of LIHWAP and Cares funds
- Senior rental relief
- Residential stormwater utility credits
- Sewer backflow prevention
- Flood mitigation grants
- Legislative strength

# What are the eligibility requirements for LIHWAP?

Households eligible for LIHWAP must have a **past due water/wastewater balance and a gross household income below 150% of the federal poverty level based on household size**. Priority is be given to households that have been disconnected or are at risk of disconnection.

Alexandria Lowest Quintile of Income		\$4,159/mo	\$49,912/yr
Household Size	Monthly Gross Maximum Income		
1	\$1,699		
2	\$2,289		
3	\$2,879		
4	\$3,469		
5	\$4,059		
6	\$4,649		
7	\$5,239		
8	\$5,829		
9	\$6,419		
10	\$7,009		
11	\$7,599		
12	\$8,189		
13	\$8,779		
14	\$9,369		
15	\$9,959		
16	\$10,549		
17	\$11,139		
18	\$11,729		
19	\$12,319		
20	\$12,909		

# Can we estimate the potential number of households that would potentially benefit from an affordability program administered through AlexRenew?



**Notes:**

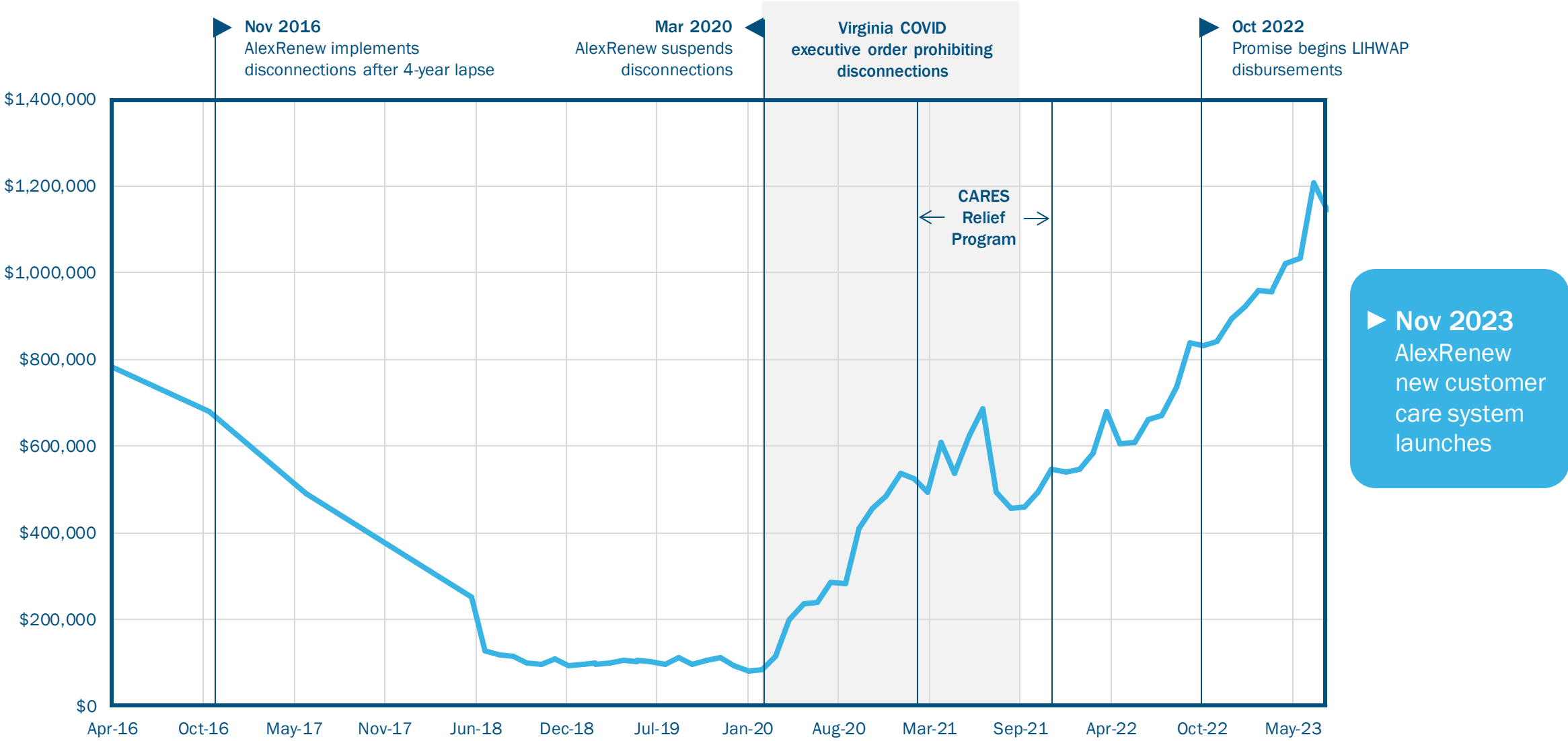
- (1) Lower range reflects cost burdened households determined by housing cost at or above 30% of income
- (2) Some owner-occupied households may be under a master meter in a multi-unit building – values may be overstated
- (3) Source: U.S. Census, American Community Survey, 5-year estimate (2017-2021) Table S2503

Income	Renter-occupied Households	Owner-occupied Households
Up to \$34,999	7,500 - 8,000	1,330 - 1,500
\$35,000 to \$49,999	3,000 - 3,300	890 - 1,200
Total	10,500 - 11,300	2,220 - 2,700

Largely covered by LIHWAP

Accounts that would potentially benefit by an AlexRenew-administered program

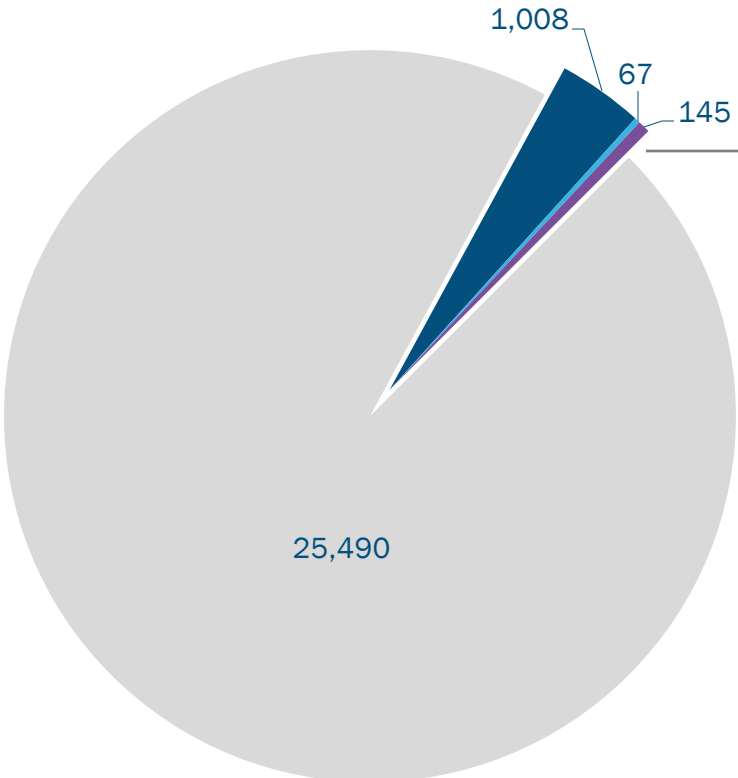
# AlexRenew delinquency history and main drivers



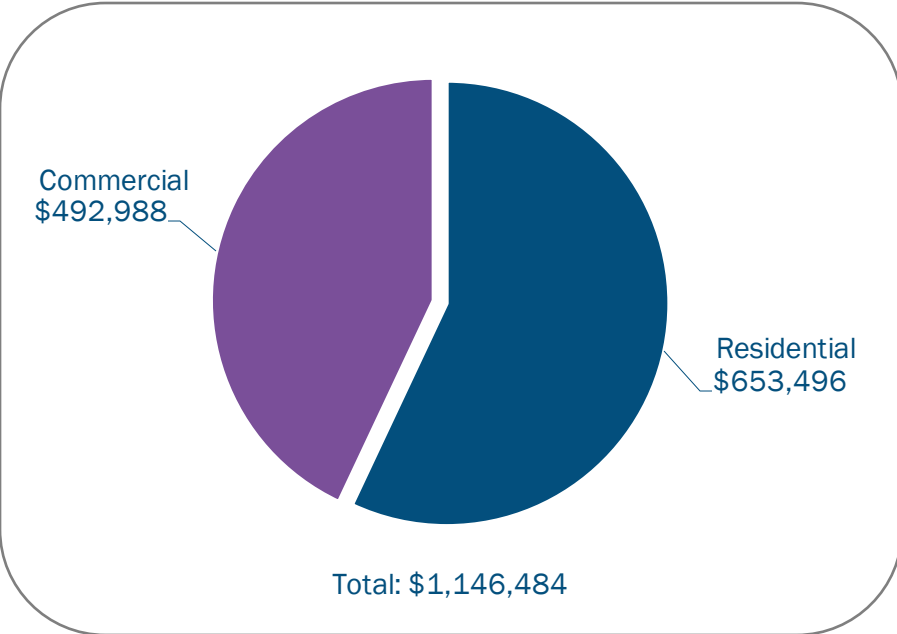


# AlexRenew delinquencies at-a-glance

### Delinquency by Account



### Delinquency Value

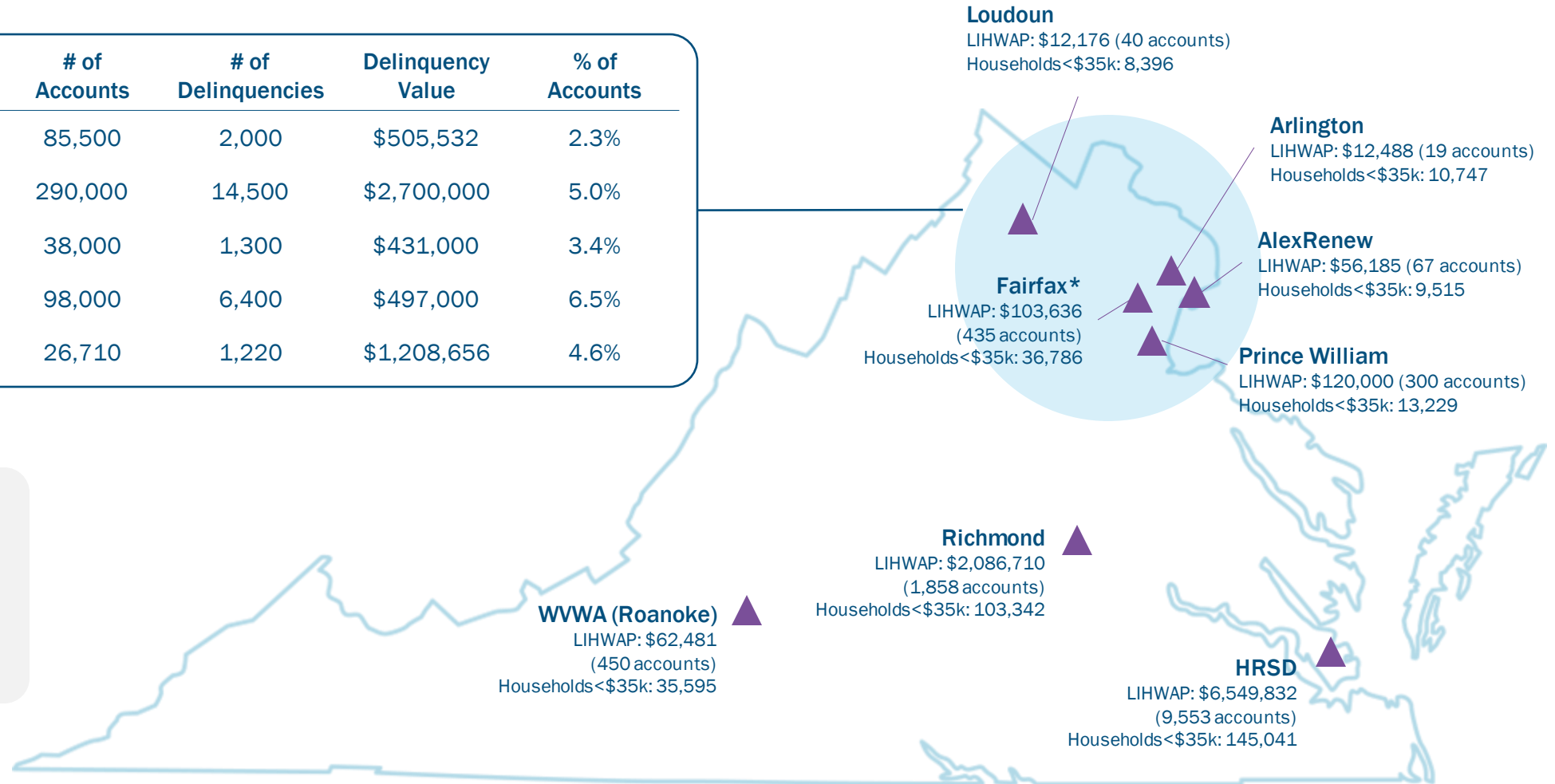


#### Legend

- Non-delinquent accounts
- Delinquent Residential - LIHWAP
- Delinquent > 60 days Residential
- Delinquent > 60 days Commercial

# Northern Virginia delinquencies and statewide LIHWAP disbursements

Utility	Disconnections Reinstated	# of Accounts	# of Delinquencies	Delinquency Value	% of Accounts
Loudoun	Sep '21	85,500	2,000	\$505,532	2.3%
Fairfax	Sep '21	290,000	14,500	\$2,700,000	5.0%
Arlington	Jan '22	38,000	1,300	\$431,000	3.4%
Prince William	Jan '23	98,000	6,400	\$497,000	6.5%
AlexRenew	N/A	26,710	1,220	\$1,208,656	4.6%



**Promise.**

Manages LIHWAP distribution and communication campaigns in Virginia

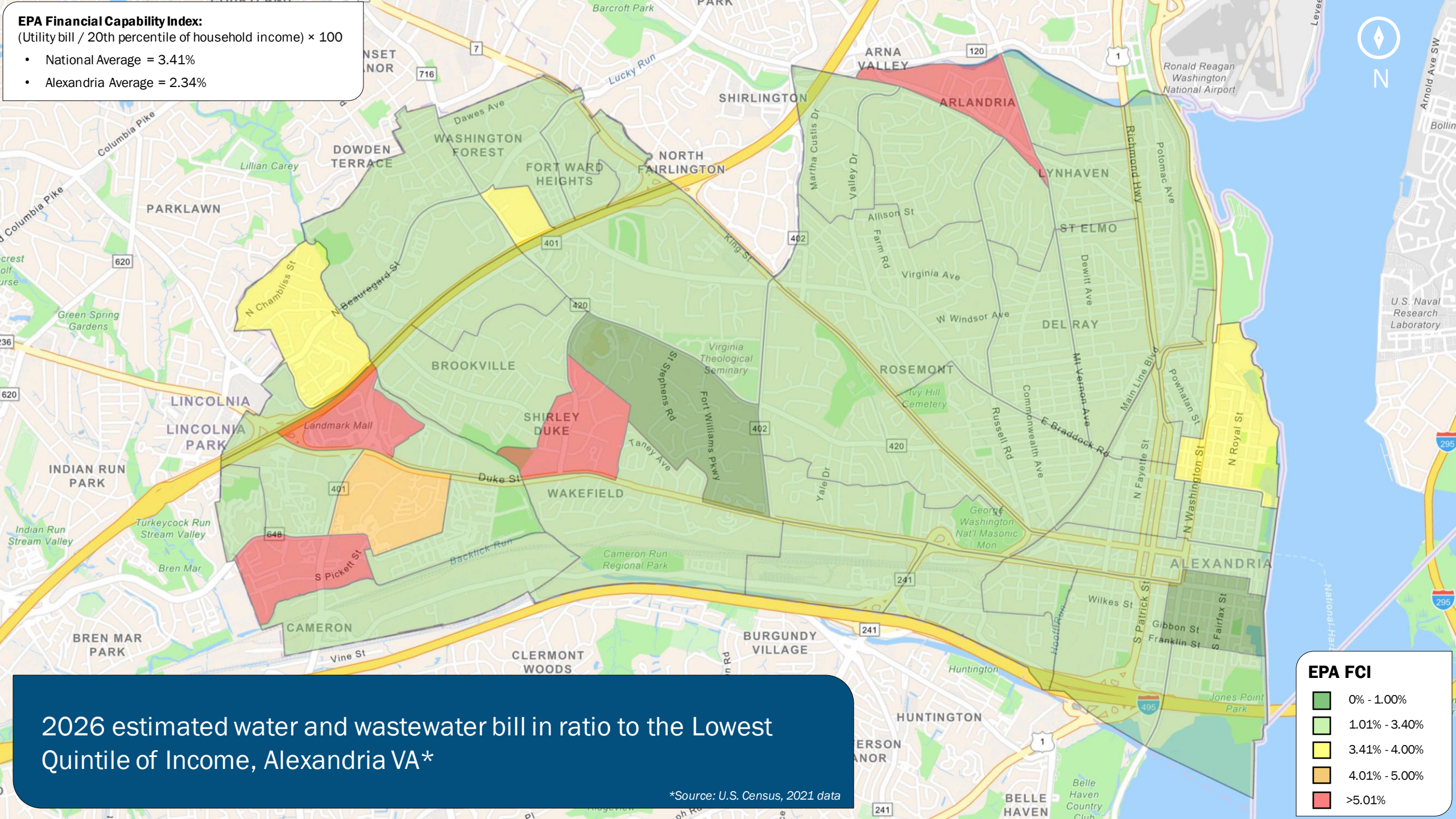
\*Fairfax values represent sewer only

'Households <\$35k' source: U.S. Census, American Community Survey, 5-year estimate (2017-2021)



**EPA Financial Capability Index:**  
(Utility bill / 20th percentile of household income) × 100

- National Average = 3.41%
- Alexandria Average = 2.34%



2026 estimated water and wastewater bill in ratio to the Lowest Quintile of Income, Alexandria VA\*

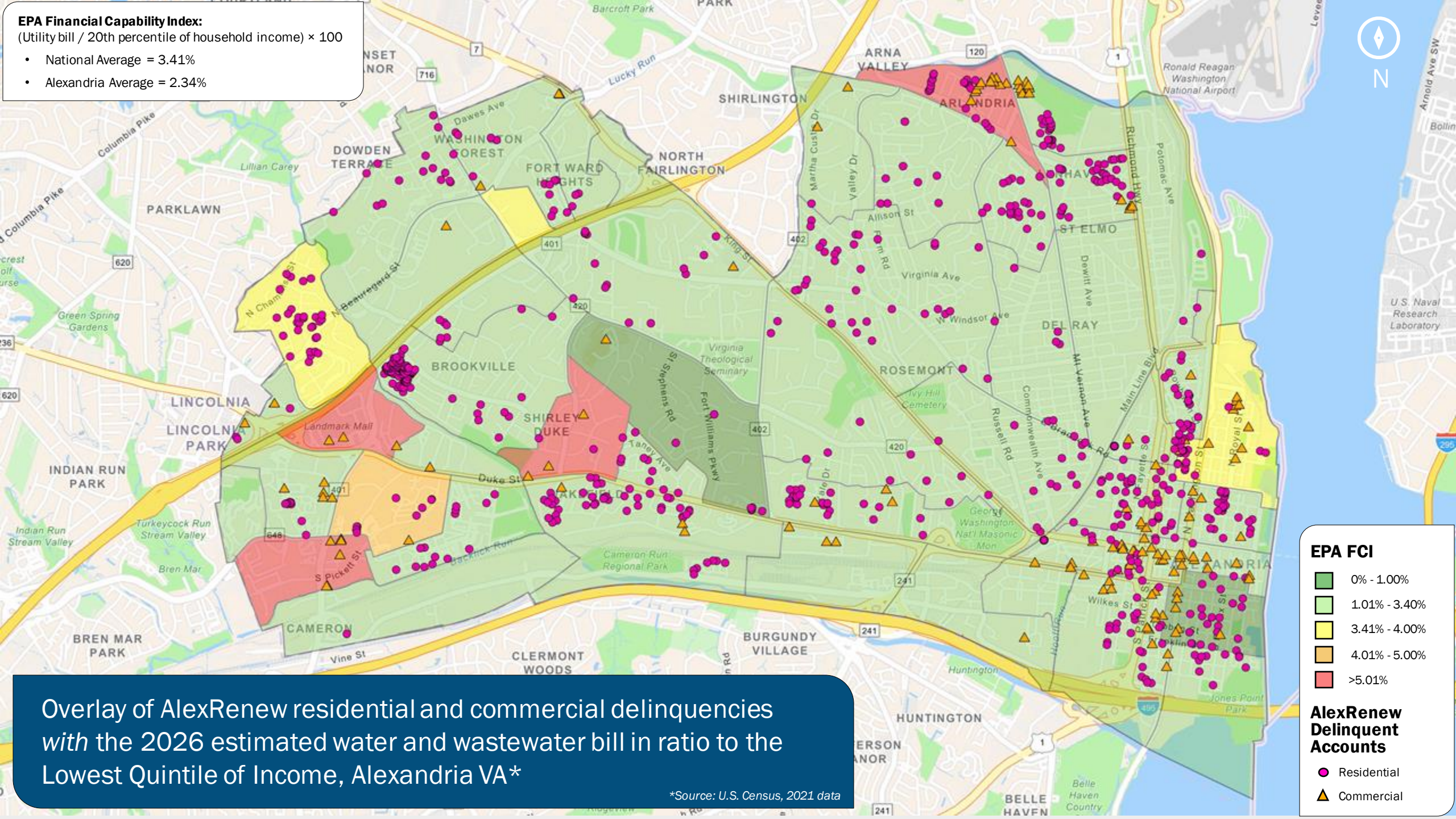
EPA FCI	
0% - 1.00%	Dark Green
1.01% - 3.40%	Light Green
3.41% - 4.00%	Yellow
4.01% - 5.00%	Orange
>5.01%	Red

\*Source: U.S. Census, 2021 data



**EPA Financial Capability Index:**  
(Utility bill / 20th percentile of household income) × 100

- National Average = 3.41%
- Alexandria Average = 2.34%



Overlay of AlexRenew residential and commercial delinquencies with the 2026 estimated water and wastewater bill in ratio to the Lowest Quintile of Income, Alexandria VA\*

\*Source: U.S. Census, 2021 data

**EPA FCI**

- 0% - 1.00%
- 1.01% - 3.40%
- 3.41% - 4.00%
- 4.01% - 5.00%
- >5.01%

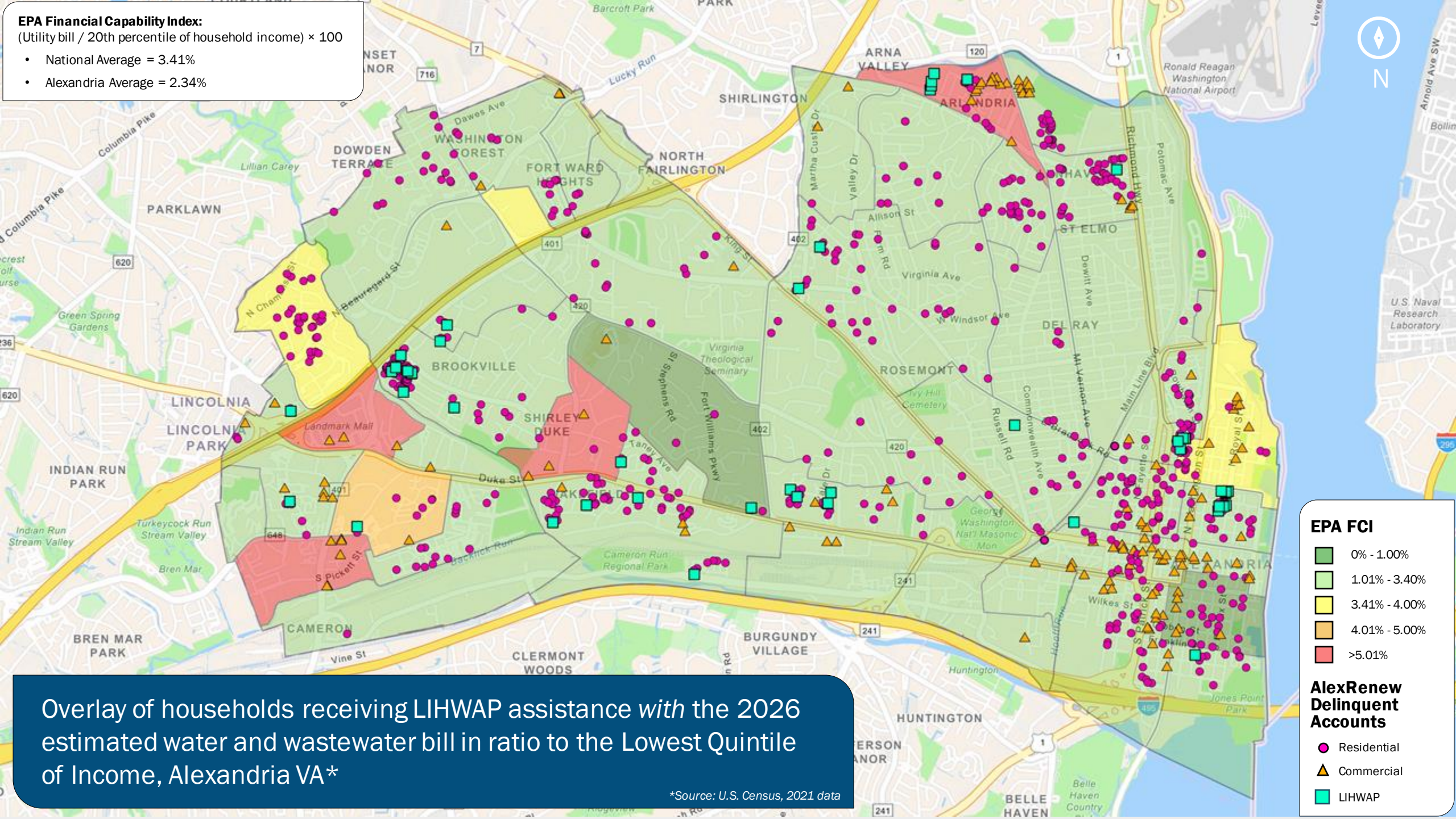
**AlexRenew Delinquent Accounts**

- Residential
- Commercial



**EPA Financial Capability Index:**  
(Utility bill / 20th percentile of household income) × 100

- National Average = 3.41%
- Alexandria Average = 2.34%



**EPA FCI**

- 0% - 1.00%
- 1.01% - 3.40%
- 3.41% - 4.00%
- 4.01% - 5.00%
- >5.01%

**AlexRenew Delinquent Accounts**

- Residential
- Commercial
- LIHWAP

Overlay of households receiving LIHWAP assistance with the 2026 estimated water and wastewater bill in ratio to the Lowest Quintile of Income, Alexandria VA\*

\*Source: U.S. Census, 2021 data

# What options are available to fund a program to assist customers with clean water costs?

- Opt-in contribution program
- Donations
- Payment in lieu of taxes (PILOT) program
  - MOU between City and AlexRenew
  - A charge on AlexRenew parcels
  - Revenues deposited into a restricted fund solely for sewer rate assistance
  - Administered through the City
- City tap fees
  - City deposits tap fees into a restricted fund for sewer rate assistance
- City-funded LIHWAP replacement program
  - Administered by the City
  - Financed through general revenue
  - Offers relief for all water-related costs



# What do other local water utilities do to assist with affordability?

Entity	Program Name	Eligibility	Description
Prince William County	Temporary Assistance Program	Any customer who signs up	<ul style="list-style-type: none"> <li>Administered through SERVE, a unit of Northern Virginia Family Service, and Action in Community through Service</li> <li>Funded by bill round up and donations</li> <li>Up to \$500 per year to pay water and sewer bills</li> </ul>
Hampton Roads Sanitation District	H2O – Help to Others Program	Households in crisis – those in danger of losing residential water service	<ul style="list-style-type: none"> <li>Administered by Salvation Army</li> <li>Funded by donations</li> <li>Up to \$250 in any 12-month period to pay utility bills</li> </ul>
City of Richmond	MetroCare Water Program	Income limit for 2-person household: \$38,790	<ul style="list-style-type: none"> <li>Funded by general fund and donations</li> <li>Up to \$500 per year to pay water and sewer bills, plumbing repairs, and/or conservation efforts</li> </ul>
DC Water	Customer Assistance Program I-III	Income limit for 2-person household: \$62,033/ \$91,100/ \$113,800	<ul style="list-style-type: none"> <li>Discount on water and sewer used each month: 3,000 gal (\$85)/ 2,250 gal (\$56)/ 75% off (\$14)</li> </ul>
	Cares Multifamily Assistance Program	Property owner/manager participation verified by District Department of the Environment or Department of Human Services	<ul style="list-style-type: none"> <li>Intended to reduce the amount due in rent by the amount due for the tenant's share of the water bill</li> <li>Assistance provided is the same for each unit</li> <li>DC Water posts a credit to the property owner's account</li> <li>Participating owner posts 80% of the credit to the qualifying tenant's rental account</li> </ul>
WSSC Water	The Water Fund	Income limit for 2-person household: \$36,620	<ul style="list-style-type: none"> <li>Administered by Salvation Army</li> <li>Funded by donations</li> <li>Up to \$500 per year to pay water and sewer bills</li> </ul>
	Customer Assistance Program	Income limit for 2-person household: \$32,040 (\$36,624 for households with one senior citizen)	<ul style="list-style-type: none"> <li>Administered by Maryland Office of Home Energy Programs</li> <li>Up to \$112 per year to pay fixed fee on water and sewer bills</li> </ul>

# What are the major takeaways from today's discussion?

- AlexRenew's rates are fair, equitable, and within national norms and local economics
- AlexRenew's rates are less than 1% of the total budget of an Alexandria household
- Most Alexandrians do not receive a direct bill from AlexRenew
- AlexRenew employs a variety of programs within its legal ability that support local economics and assist ratepayers
- Affordability programs carry an administrative cost and staff effort
- Current AlexRenew delinquencies are driven by the suspension of disconnections and extended payment plans
- Affordability may be better served through existing City or Federal programs



**AlexRenew**

To learn more, visit [alexrenew.com](https://alexrenew.com)

**DATE:** August 15, 2023  
**TO:** Justin Carl, CEO, AlexRenew  
**FROM:** Mark Jinks, Chair, Finance and Audit Committee, AlexRenew /s/  
**SUBJECT:** Legal Authority for Providing Financial Assistance to Low-Income Ratepayers

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This is in follow up to my memorandum of March 27, 2023 (attached) on *Financial Assistance Options for Lower-Income Residents*. Subsequent to the writing of that memo, I have now reviewed the Virginia Code and AlexRenew's rate covenants as detailed in the Master Indenture of Trust, and it appears based on my layperson's read<sup>1</sup>, AlexRenew may have more legal authority to provide financial relief to lower-income City of Alexandria residents than has historically been believed to be the case.<sup>2</sup> I understand that Alex Renew's legal counsel is working on the legal authority issues raised in my March memo, and I would request that you ask AlexRenew's counsel in her legal review to also address the issues and questions that I raise in this memorandum.

#### **Authority Under the Code of Virginia**

It appears that the first legal threshold that would have to be met to implement a financial assistance program to low-income ratepayers<sup>3</sup> is that of Title 15.2, Chapter 51 of the Code of Virginia, which authorizes localities to create sanitation authorities. It is this authorizing chapter that provides the statutory framework of sanitation authority powers, processes, and limitations.

**Section 15.2-5136 (C) sets out the power of sanitation authorities to set rates.** This Section reads "*Rates, fees and changes of a sewer or sewer disposal system shall be just and equitable and **may** (emphasis added) be based upon:*

1. *The quantity of water used or the number and size of sewer connections;*
2. *The number and kind of plumbing fixtures in use in the premises connected with the sewer or sewage disposal system;*
3. *The average number of persons residing or working in or otherwise connected with such premises or type or character of such premises*
4. *Any other factor affecting the use of the facilities furnished: or*
5. *Any combination of the foregoing factors."*

My first question is whether or not the use of the word "may" in 15.2-5136 (C), in the context that it is used, restricts sanitation authorities when setting rates to only the listed five criteria, or if the word "may", and phrase 5's "Any combination of the foregoing factors" language, is permissive in giving an authority the ability to use these five criteria, as well as additional criteria that met a public policy

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<sup>1</sup> This memorandum is not based on case law which may impinge on AlexRenew's authority to implement and fund a low-income subsidy program.

<sup>2</sup> Fairfax County, as they set their own rates and bill customers directly, would decide on its own whether or not to consider such a relief program for its customers.

<sup>3</sup> "Low income" is a non-specific term that (if AlexRenew decides to proceed with consideration of a specific program) will need to be defined (i.e., income and asset limits) if a program is developed and funded.

purpose to be used as long as any new criteria were “just and equitable” as required by the opening sentence of this Section.

If “may” is determined legally restrictive, a second question that then arises is whether or not the “type or character of such premises” wording in Section 15.2-5136 (C) 3 could be interpreted to allow the low-income character of the household to be considered a “type or character” of a premises. It should be noted that the eligibility policy consideration in many public benefits (such as for many food or rental assistance programs, or the City’s real estate and refuse collection and storm water utility fee relief programs) is based on defining income and asset eligibility parameters for such households or premises.<sup>4</sup>

A further question that arises, if “may” is determined to be legally restrictive and income cannot be used to define “type or character of such premises,” is whether AlexRenew would have the authority under the State Code, after setting uniform household rates, to then provide grants as credits as a new line on AlexRenew’s bills issued to eligible low-income ratepayers. Such a grant would offset all or some of the impact of a usage-based bill, which could be calculated before the application of the credit.<sup>5</sup> It would seem then in this example that the 15.2-5136 (C) 1 “quantity of water” criteria would be met as the rate applied would be uniform. The amount due would be printed on one line with the credit listed below it, resulting in a net amount due.

The City of Alexandria (during the years of hyperinflating residential real estate values prior to the real estate valuation crash of 2008) used similar logic of fully billing house and condominium real estate taxes and then provided for lower-income households a subsequent credit amount on a separate line on that tax bill so as to provide substantial real estate tax relief to low-income households. The relief was based on defined income and asset eligibility and an approved homeowner-submitted application that met eligibility criteria.

### **Authority Under the Master Indenture of Trust**

**The Master Indenture of Trust, Article IX General Covenants of the Authority, Section 9.4 Revenue Covenant:** It appears that this section does not prohibit the establishment of criteria such as providing relief for low-income ratepayers in a rate structure or through the provisions of credits, as it states that the Fiscal Year Net Revenue (defined as “Revenues less Operating Expenses”) derived from “rates, fees and other charges” shall be no less than the sum of three different defined debt service categories. It then would appear (as long as this revenue covenant language is met) that AlexRenew is free to use its own funds (including that derived from ratepayers) to fund a credit relief program or direct rate subsidy program for low-income households.

**The Master Indenture of Trust, Article IX General Covenants of the Authority, Section 9.5 Billing: Enforcement of Charges; Free Service:** This section relates to enforcement of collection, as well as stating that no customer can use the system without AlexRenew making a “charge based on the Authority’s schedule of rates.” This language would appear to allow AlexRenew to establish a rate

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<sup>4</sup> Given there would be a cost to AlexRenew of determining if individual customers met to-be-established income and asset eligibility criteria, AlexRenew could adopt one of the City’s subsidy program’s already existing income and asset criteria and then piggyback on the City’s already existing customer eligibility determination processes and resulting lists of eligible households.

<sup>5</sup> A credit could be defined as a percent of the customer’s usage bill, a fixed dollar amount, or could be equal up to the amount due.

schedule that provides lower rates for eligible lower-income households, and does not seem to preclude the listing of a credit on the AlexRenew bill. It should be noted that while the title of this section includes the phrase “Free Service,” the term “Free Service” is never defined or used in Section 9.5 or the Definitions Section of the Master Indenture of Trust.

### **City of Alexandria Funding Alternative**

If it is determined that either the Code of Virginia or the Master Indenture of Trust prohibits AlexRenew from using its own funds (rate revenues, interest earning revenues or other revenues) to provide a low-income relief program, or if the AlexRenew Board concludes that rate relief should not be provided with AlexRenew funds, could AlexRenew legally accept City of Alexandria government funds (if City Council so agrees and appropriates funding) to pay for such a program?<sup>6</sup> From my years of experience with the City, I know that the City has for many programs exercised its legal ability to use its General Funds in providing relief from City taxes and fee charges to low-income households.

### **Next Steps**

I realize that answering the legal questions I have posed, as well as those questions that counsel may be pursuing, may provide one or more potential legal pathways that AlexRenew can then decide to pursue or not pursue. It would seem that if there is a legal pathway(s), then the next step would be for the AlexRenew Board to decide whether it wishes to pursue consideration of such a program, and for AlexRenew staff to research the practices of other utilities, as well as to design some program options. If this work is likely to entail a significant staff undertaking, it may be prudent to present the question of studying this issue to the Board at its September meeting to assess interest in pursuing this topic. From a timing perspective, our Board Retreat in early 2024 may be a good time to discuss the results of staff research and to review design options.

If you or counsel need any clarification of the questions or information in this memo, please let me know.

Finally, I would suggest that the Board’s Finance and Audit Committee would be a good forum to discuss this issue with staff, and to frame options for any staff study.

**ATTACHMENT:** *Financial Assistance Options for Low-Income Ratepayers, March 27, 2023*

cc: Chair and Members, AlexRenew Board of Directors

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<sup>6</sup> Since part of the AlexRenew bill to its customers includes the City government’s sanitary sewer system charge, City Council approval would be needed if any financial relief was provided by AlexRenew to that system charge.



**DATE:** March 27, 2023

**TO:** Chair and Members, Board of Directors, AlexRenew  
Justin Carl, CEO, AlexRenew

**FROM:** Mark Jinks, Chair, Finance and Audit Committee /s/

**SUBJECT:** Financial Assistance Options for Lower-Income Ratepayers

As discussed at our last meeting, AlexRenew Board members are concerned about the impact of the increasing AlexRenew rates and resulting bills on lower-income households. As staff has indicated, we are very limited by Virginia law related to sanitation authorities, as well as impact of the language contained in the existing Master Indenture of Trust that is in place as a covenant for bond holders. This greatly limits what we could do to address lessening the impact of AlexRenew's bills on lower-income ratepayers. Basically, revenue received by the AlexRenew has already been pledged and we apparently do not have the authority to use revenues earned from rates and other AlexRenew business operations towards funding a financial assistance program for low-income households.

**Voluntary donations:** Staff has been working on a customer voluntary donation program, as well as a voluntary bill rounding up program to raise funds to assist those in crisis/emergency situations. While we will not know how much a program might raise, it is instructive to know that the Hampton Roads Sanitation District has had a voluntary donation program in place for some time and raises only about \$150,000 per year (or about 10-cents per household per year). The Prince William Public Service Authority also has a voluntary donation program, but I could not locate on their web site how much they raise. Their web site said that such funds were "limited". Extrapolating the Hampton Road results to Alexandria would result in a \$16,000 per year revenue raise. That amount might be higher for AlexRenew because of the many higher income households in our community, but might also be lower because about half of our households in the City are renters.

Regardless, I think that the amount raised will not be enough to provide significant relief to most lower-income Alexandria ratepayers. Another issue with such a program is that it will not provide broad nor significant relief to lower-income ratepayers, as the monies in hand will (at best) be able to fund only emergency assistance for a very limited number of households. Also how renters in multi-family properties where the landlord/property management firm pays the utility bills, and passes the Alex Renew charges on to tenants to reimburse the landlord/property management firm needs to be addressed. That said, Alex Renew staff should develop the details of the proposed voluntary donation program and bring them to the Board for review, as well as continue to pursue this program's

implementation, as we will not know its dollar yield and impact until we implement it.

What organization should administer any assistance program is also a question that needs to be determined. For emergency relief it would make sense to use an organization in Alexandria which has an existing relief program. In Alexandria, that would logically be the City's Department of Human and Community Services, ALIVE or maybe one of the other non-profits who already provide such emergency rent relief services.

**Income-based systematic relief:** Since who benefits from emergency relief is ad hoc and situational, such relief is not necessarily equitable. It is not across-the-board benefiting all households with the same/similar economic status. It is stopgap, and intended to avoid crises (such as the disconnection of utility services). This is one of the reasons broad welfare/income transfer programs with eligibility standards (income, household status, employment status, etc.) have been created at the national, state and local levels. These programs are intended to provide the same benefits to persons/households whose economic or social status are equal/equivalent. While it appears that such programs in the water, sanitary sewer, storm sewer and wastewater utility field are not that common, some programs that do exist and might provide AlexRenew insight as to what program(s) might be effective.

For example, the Virginia Code authorizes localities to provide real estate tax relief to homeowners who are 65 or older or who are permanently and totally disabled, and who meet certain income and asset tests. Many localities in Virginia have such programs in place. The Virginia Code sets outside parameters and allows localities, within these parameters, to set their own limits. In Alexandria, the City provides full or partial real estate tax relief (100%/50%/25%) for those households in three income categories (\$40,000/\$72,000/\$100,000). There are about 700 households who annually apply and who are approved for full to partial real estate tax relief. The City also grants 100% solid waste and storm sewer bill relief for all of those 700 households, but no relief for the City's sanitary sewer charges. I would suspect the historical cause is the fact that solid waste and storm water charges are billed on the real estate tax bill and that the City's sanitary sewer bill is not billed on the real estate tax bill, but on the AlexRenew bill.

If there was a source of funding identified, those same 700 households could also get full or partial (dollar amounts or %'s of relief to be determined) AlexRenew bill relief. This could be done even though Alex Renew is legally required to bill every user. That billing would occur (as it does now) on one line of the Alex Renew bill and then and on the next line of the bill a fully or partially offsetting credit listed as a grant to the bill payer could be provided. The City used this billing/grant making method for a number of years (during the years of fast growing residential real estate assessments) for providing real estate tax (full or partial) relief to low to moderate-income households (ie the non-elderly and non-disabled). The challenge

for AlexRenew would be to identify a funding source to provide those grant amounts. The City would be the most likely entity to be asked to provide financial support for the relief since they have the authority to do so, and already provide substantial real estate, solid waste and storm sewer relief to 700 City households. There is also logic to having the City fund such an AlexRenew rate relief program as the current rate pressure on AlexRenew largely originates from the RiverRenew project that was initially contemplated to be a City project.

**Create a new user class for apartment customers serving low-income renters:**

As previously stated, a major equity complication in providing AlexRenew bill relief to homeowners is that it does not benefit renters whose landlords or property management firms pay AlexRenew directly and then have the option of billing their tenants. Years ago a tenant's monthly rent also covered utility bills. However, according to the City's Office of Housing, over the last two decades "passing on costs (of utilities to tenants) is now the prevailing practice among the most properties and landlords". This practice skews to the larger apartment complexes and those complexes managed by professional management firms. The practice is less prevalent among those apartment building owners who own fewer apartment units.

One way to address this renter's dilemma would be to create a new class (with lower rates) of utility customers who live in multi-family complexes where a to-be-determined % of units meet a to-be-determined definition of lower income. This for example could include public housing complexes and those housing complexes (1) where a certain % of units (such as more than 50%) meet certain income requirements (such as 60% or less of the DC area median income), and (2) there is some type of binding legal requirement that the complexes maintain a set level of housing subsidy. I think there are at least 4,000 units in the City that meet this requirement. Generally those are housing complexes owned by governmental or private non-profit housing providers. The creation of a new rate class would need to undergo a legal review. If enacted, it would result (given the zero-sum game of rate setting to cover expenses) in the cross subsidization of one rate class by other rate classes). I would posit that any utility rate or tax rate setting nearly always involves some type of cross subsidization based on policy considerations.

Another issue with renters is how to best provide emergency relief. Given that the City and others operate emergency relief programs to assist renters with their rent (usually when a renter has received an eviction notice), and given that renter's utility costs are part of their rental agreement, it would make sense not create a separate AlexRenew emergency relief program for renters. We may find that in fact the City is already providing emergency rental/eviction relief that includes utility cost relief as well. That City emergency relief program just needs to be adequately funded (which was an issue pre-COVID).

**How are other water/sanitary/wastewater utilities providing relief to lower-income customers?**

While we have information on Hampton Roads and Prince William County, it would seem that a broader nationwide search of other utility's

practices in regard to providing billing relief to lower income households would be productive. In this era of seeking more equitable governmental policies, it seems that there are lessons to be learned from other jurisdictional practices. For example, the City of Portland, Oregon's water utility has a both a bill discount program and a crisis voucher program.

**Who should determine eligibility for any income-based relief program?**

AlexRenew does not have the expertise in the area of documenting and determining income eligibility. Staff has recognized this in its donation based proposal to use a non-profit and "piggyback" on their expertise, processes and policies. In the City, ALIVE and DCHS are two of the primary organizations that already have that capability and should be utilized for any emergency relief program.

**Next Steps:** It is likely that there are many more options in providing either emergency/crisis relief or across-the-board relief to lower-income households. I think that over the next six months AlexRenew staff should work with City Finance, DCHS and ALIVE staff in exploring options and in developing a program that best meets the need and is legally sound and financially funded. This would likely mean a mid-FY2024 and/or FY2025 implementation, depending on the breadth of the program selected to be implemented.

DATE: September 5, 2023  
TO: Justin Carl, AlexRenew CEO  
FROM: Becky Hammer, AlexRenew Board Member  
SUBJECT: Considerations for Potential Adoption of Low-Income Customer Assistance Program

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In continuation of the ongoing discussion regarding the adoption of a permanent low-income customer assistance program, I want to share some of my own perspectives on the need for such a program, as well as a few resources that could be helpful as the conversation moves forward. These perspectives are informed by my advocacy work on water and sewer affordability at the Natural Resources Defense Council (NRDC) over the past several years, although I am writing this memo in my personal capacity and do not speak for NRDC or any of my colleagues.

I. Policy Rationale for Adopting a Low-Income Customer Assistance Program

Materials provided to the Board show that a significant number of AlexRenew customers have fallen behind on their sewer bills, and that the number of delinquent accounts is growing. While the available data don't indicate the reasons causing customers to become delinquent, it is safe to assume that affordability challenges are playing a role.<sup>1</sup> A recent national study estimated that 10% of households face water and sewer affordability concerns, defined as expenditures on essential water and sewer services greater than 4.5% of annual household income.<sup>2</sup>

Unaffordable sewer bills can have severe consequences. When people cannot afford to pay, they face disconnection of water service, a practice that directly harms the health of individuals and families, threatens access to housing, and can even result in the loss of parental custody of children. As a utility that seeks to play a positive role in our community, AlexRenew should take all available steps to avoid putting people in that situation.<sup>3</sup>

Not only is helping low-income customers afford their bills the right thing to do for those households, it could also make financial sense for AlexRenew. Although assistance programs are typically viewed as a cost to a utility, they can result in offsetting increases in revenue and avoided costs. Households receiving affordable bills are far more likely to pay those bills consistently and on time, saving utilities the cost of collecting unpaid bills. NRDC recently released a "business case" tool that allows utilities to model the

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<sup>1</sup> It might be a good idea to survey our customers to better understand whether there may be other factors leading to delinquency, such as miscommunication or technical difficulty with payment systems, but in my opinion it's not necessary to complete that survey before moving ahead with policies to help address affordability concerns.

<sup>2</sup> Diego S. Cardoso & Casey J. Wichman, "Water Affordability in the United States," *Water Resources Research* 58:12 (Dec. 2022), <https://agupubs.onlinelibrary.wiley.com/doi/abs/10.1029/2022WR032206>.

<sup>3</sup> I don't believe that a residential customer should ever lose access to water because of an inability to pay their sewer bill, but for present purposes I'll defer discussion of our shutoff policy while we examine the feasibility of a customer assistance program.

net financial impacts of implementing water and sewer affordability programs. I encourage AlexRenew staff to use this tool to quantitatively assess those potential impacts.<sup>4</sup>

Generally speaking, there are two primary policy approaches to making sewer bills more affordable: (a) adopting a rate structure that charges customers different rates based on their financial capabilities (known as “income-based rates”), and (b) continuing to charge all customers the same rate but providing a discount or rebate to low-income customers (known as “customer assistance programs” or CAPs). The former are considered the gold standard by many affordability advocates, but I agree – consistent with the exchange you had with Mr. Jinks last month – that they may not be permissible under the Virginia state law provision that establishes the factors on which rates may be based.<sup>5</sup> Consequently, a CAP is likely our best policy option to help people in our community afford their bills.

## II. Legal and Policy Considerations for Program Design

It should be our goal to establish a program that is permanent and stable so that customers can rely on it in the long term. Federal funds, such as those provided through the LIHWAP program, may fluctuate based on inconsistent Congressional appropriations; in the case of LIHWAP, these funds have already expired. Voluntary donations are also unreliable and will likely never be sufficient to meet the needs of our community.<sup>6</sup>

An AlexRenew CAP would thus need to be funded through either rates or local taxes. Funding the program with rate revenues is preferred from a policy perspective, as it provides a durable funding stream that can be established at the level AlexRenew determines is necessary to meet community needs. However, a rate-funded CAP could be seen as cross-subsidization of one set of customers by another, and while I agree with Mr. Jinks’ conclusion that this is permissible under AlexRenew’s master indenture of trust, counsel should confirm the legality of this approach. The UNC Environmental Finance Center published a guide for water and wastewater utilities on navigating legal pathways to rate-funded CAPs, including an analysis of Virginia law, that could be useful.<sup>7</sup> In conducting this assessment, I would encourage counsel to consider the argument that a CAP, rather than simply creating a subsidized rate class, also provides financial benefits to all customers by reducing AlexRenew’s costs. As a result, the implementation of a CAP should be considered to meet the presumptive standard of reasonableness that’s been established in case law.<sup>8</sup> An analysis of the business case for affordable bills, using the tool described above, can help support this legal argument.

Funding a CAP with local tax revenue is also an option, but it would require working with City Council to obtain appropriated funding. We may experience difficulty getting the amount of money needed to operate a robust CAP through this avenue given that local general tax revenue is limited and supports

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<sup>4</sup> The tool is online here: <https://www.nrdc.org/resources/water-affordability-business-case-downloadable-tool>.

<sup>5</sup> At some point in the future, I would love to explore how AlexRenew can support legislative reform to make income-based rate structures lawful.

<sup>6</sup> This isn’t to say that residents, businesses, and organizations shouldn’t be able to donate funds for low-income assistance if they choose to do so, only that those donations should not be relied on to make up the primary funding source for the program. Mr. Jinks’ March 2023 memo detailed how little funding the voluntary donation programs in Prince William County and Hampton Roads provide.

<sup>7</sup> <https://efc.sog.unc.edu/wp-content/uploads/sites/1172/2021/06/Navigating-Pathways-to-Rate-Funded-CAPs.pdf>.

<sup>8</sup> See *Town of Leesburg v. Giordano*, 280 Va. 597, 606 (2010); *Chastain v. Bedford Regional Water Authority*, Ct. of Appeals, Salem, 2022 WL 17422549 at \*3 (Dec. 6, 2022).

many other essential City services. It would also leave the program vulnerable to cuts if future City Council members no longer support it. However, it's certainly worth considering if a rate-funded program is not considered feasible.

While it's early in the process to start thinking about the specifics of program design, I do want to offer a few brief thoughts. In general, affordability advocates agree that the simpler an assistance program is, the better it works. While the architects of public assistance programs often try to craft them in as tailored and narrow a way as possible to reach only the people most in need, a higher degree of complexity in program design has been proven to increase administrative costs and reduce program efficiency, not to mention discourage participation among the very people we'd be trying to reach.

While standing up a CAP would present a number of new questions and considerations for AlexRenew, existing resources are available to guide the process. (In other words, we don't need to reinvent the wheel.) Manny Teodoro, a nationally recognized expert on water and sewer affordability at the University of Wisconsin, wrote a series of blog posts earlier this year laying out a framework for utilities that want to set up customer assistance programs, and these could provide a good starting point for thinking about what an AlexRenew CAP could look like and how it could be administered. For example, Dr. Teodoro recommends that, rather than formulating complicated eligibility schemes, program designers should declare that participants receiving any other public assistance (such as SNAP or LIHEAP) are eligible for the CAP.<sup>9</sup> NRDC also published a water and sewer affordability toolkit last year that provides policy options for addressing various affordability-related issues, including a module devoted specifically to CAPs that walks through a number of program design considerations.<sup>10</sup>

Finally, I understand that others have raised concerns about the ability of a CAP to assist customers in multi-family residential housing because they do not receive AlexRenew bills directly but rather pay for sewer service indirectly through rent to their landlord. Providing benefits to these households would require an alternative benefit delivery method other than a direct bill credit. While this issue creates an additional wrinkle for CAP program design, it is by no means an insurmountable obstacle. Experts have published resources on options to ensure such customers can receive the assistance they need. A 2017 report by the Water Research Foundation addresses the matter at length.<sup>11</sup> The State of California also published a report in 2020 that suggests a tax credit-based approach to delivering water assistance to renters (which could apply equally in the context of sewer assistance).<sup>12</sup>

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<sup>9</sup> The four-part blog series is online here: (1) <https://mannyteodoro.com/?p=3121>; (2) <https://mannyteodoro.com/?p=3152>; (3) <https://mannyteodoro.com/?p=3348>; (4) <https://mannyteodoro.com/?p=3934>.

<sup>10</sup> NRDC, Water Affordability Advocacy Toolkit, Sept. 16, 2022, <https://www.nrdc.org/resources/water-affordability-advocacy-toolkit>. The module on assistance programs is linked from that main page and is also directly accessible here: <https://www.nrdc.org/sites/default/files/water-affordability-toolkit-section-8.pdf>. Separate from this discussion, the toolkit contains other modules on topics that might be of interest to AlexRenew staff, such as helping customers eliminate debt that they've already accumulated, improving billing practices, and gathering better data on customers' affordability needs.

<sup>11</sup> WRF, "Customer Assistance Programs for Multi-Family Residential and Other Hard-to-Reach Customers," [https://efc.sog.unc.edu/wp-content/uploads/sites/1172/2021/06/Customer\\_assistance\\_programs\\_multifamily.pdf](https://efc.sog.unc.edu/wp-content/uploads/sites/1172/2021/06/Customer_assistance_programs_multifamily.pdf).

<sup>12</sup> California State Water Resources Control Board, "Recommendations for Implementation of a Statewide Low-Income Water Rate Assistance Program," [https://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/assistance/docs/ab401\\_report.pdf](https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/ab401_report.pdf)



### III. Examples of Other Water and Wastewater Utilities with Customer Assistance Programs

I understand from previous correspondence that others are interested in learning whether other wastewater utilities have adopted customer assistance programs and how those programs have fared. Mr. Jinks' earlier memo correctly stated that such programs are not common, but many utilities across the country have implemented CAPs, and the number of such programs is growing. Here are some examples; AlexRenew staff may want to contact their counterparts at these utilities to ask for specific data on program performance.

- Within Virginia, Richmond Public Utilities operates a CAP known as the MetroCare Water Assistance Program that offers water (not sewer) bill credits to customers at or below 225% of the federal poverty level. Pursuant to Richmond local law, this program is funded through grants and donations.<sup>13</sup>
- DC Water operates a range of customer assistance programs for customers at different income levels. Eligible households receive discounts on water and sewer services and/or discounts on some fees. Notably, DC Water also has a multifamily assistance program as well as emergency relief for customers that have already fallen behind on payments.<sup>14</sup>
- The Washington Suburban Sanitary Commission (WSSC) in Montgomery and Prince George's Counties, Maryland, has a rate-funded CAP that provides low-income residential customers with exemptions from fixed water and sewer fees and other discounts. The program's income eligibility criteria "piggybacks" on the state's energy bill assistance program.<sup>15</sup>
- Beyond our region, the Northeast Ohio Regional Sewer District (NEORS) operates a highly regarded CAP that assists thousands of households within its service area. The program provides a rate reduction of 40% to customers at or below 250 percent of the poverty level.<sup>16</sup> (Based on its experience implementing this program, NEORS staff worked with members of Congress on draft legislation that ultimately inspired the LIHWAP program.)
- While it's a few years out of date and thus incomplete, EPA produced a compendium of drinking water and wastewater customer assistance programs that could turn up some additional examples for us to consider.<sup>17</sup>

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(see pp. 31-34). While this report addresses the question of a statewide assistance program, the recommendation to provide assistance through state income tax relief could be implemented in a municipal- or utility-level program through local tax relief. This would of course require cooperation with Alexandria City Council.

<sup>13</sup> Richmond City Code, Sec. 28-271—275,

[https://library.municode.com/va/richmond/codes/code\\_of\\_ordinances?nodeId=CH28UT\\_ARTVWA\\_DIV2DIWASEFE\\_CHLCOCUMEWASPR](https://library.municode.com/va/richmond/codes/code_of_ordinances?nodeId=CH28UT_ARTVWA_DIV2DIWASEFE_CHLCOCUMEWASPR).

<sup>14</sup> DC Water, "Customer Assistance Programs," <https://www.dewater.com/customer-assistance>.

<sup>15</sup> WSSC, "Customer Assistance Program," <https://www.wsscwater.com/cap>.

<sup>16</sup> NEORS, "Cost-Saving Programs," <https://customerservice.neorsd.org/s/cost-saving-program>.

<sup>17</sup> EPA, "Drinking Water and Wastewater Utility Customer Assistance Programs," April 2016, [https://www.epa.gov/sites/default/files/2016-04/documents/dw-ww\\_utilities\\_cap\\_combined\\_508.pdf](https://www.epa.gov/sites/default/files/2016-04/documents/dw-ww_utilities_cap_combined_508.pdf).