

# Staff Report

for the Regular Meeting of the Board of Directors, July 17, 2019

**TO:** Honorable Board of Directors

**FROM:** Chip Close, Water Operations Manager  
Aurora Tipton, Customer Service Administrator

**DATE:** July 16, 2019

**SUBJECT: Establish District Policy 11110 - Low Income Rate Assistance  
(Consent)**

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## **OPERATIONS**

### **RECOMMENDATION ACTION:**

Adopt Resolution No. 2019-22 - Establishing District Policy 11110 - Low Income Rate Assistance (LIRA) for qualifying District customers, as recommended by the Administrative Practices Committee.

### **BACKGROUND:**

During recent cost of service and rate increase discussions, the Board of Directors directed staff to develop a water rate subsidy to help low-income customers.

Staff reviewed multiple water affordability studies to establish a generally acceptable threshold for water affordability. The findings concluded that the most common approach utilized by multiple water agencies based affordability upon a percentage of a community's median household income. The percentage targets range from 1% to 2.5% of monthly income as an affordable water rate.

Staff utilized this as a starting point; however, since the District's current base water rate is already lower than 1% of the average Nevada County monthly income (\$26.25 NID base rate vs \$47.00 for 1% of Nevada County Monthly income), Staff elected to utilize the Federal Poverty Level as the income calculator. This will provide an increased benefit for low-income customers.

To determine the rate, Staff took the District's average capita per connection of 2.84 and rounded to three. This established the Federal Poverty Level for a household of three at \$21,333 (per CDPH guidelines). Staff then divided this total by 12 to come up with a monthly income rate of \$1,778. One percent of \$1,778 is \$17.78 and will be the fixed fee for low-income customers. This is a discount of \$8.47 from the District's normal monthly base rate of \$26.25.

The discount will apply to the District's base rate only, and will not be retroactive.

In order to qualify for LIRA, customers must provide proof that someone residing in the household is enrolled in one or more of the following federal assistance programs:

- Medicaid / Medi-Cal for Families A&B
- Supplemental Security Income (SSI)
- CARE (gas and electric company discount)
- Bureau of Indian Affairs General Assistance

This policy will remain in effect as long as the Board of Directors supports it in the budgetary process, or until the State develops an alternate LIRA program.

The establishment of this policy is in alignment with strategic plan goal #2 “Stewardship of District resources requires a collaborative and responsive relationship with our Local and Regional community”, and continues the District’s efforts in being responsive to its customers and the community as a whole.

**BUDGETARY IMPACT:**

The budgetary impacts of this program are unknown at this time given that participation is unknown. If an assumption that 10% of the District’s customers qualify for and utilize this program, the impact would be a loss in annual revenue of \$183,691. Current law (Proposition 218) prohibits the District from utilizing water rate revenue from one customer class and subsidizing another customer class. For this reason, funding for this LIRA Program will come from sources other than water fees, such as hydroelectric, and/or income from District leases.

Attachments (1):

- Resolution No. 2019-22 - Establishing Administrative Policies – Low Income Rate Assistance (LIRA)
- District Policy No. 11110 - Proposed Low Income Rate Assistance (LIRA) Policy



**RESOLUTION NO. 2019-22**  
OF THE BOARD OF DIRECTORS OF THE NEVADA IRRIGATION DISTRICT

**ESTABLISHING ADMINISTRATIVE POLICIES –  
Low Income Rate Assistance (LIRA)**

**WHEREAS**, the Nevada Irrigation District (the “District”) intends to establish, and revise from time to time, administrative policies to guide the operations and management of the District; and

**WHEREAS**, over the past few years, the District has adopted several administrative policies, in an effort to assemble a comprehensive policy manual; and

**WHEREAS**, as part of the recent rate increase discussions, the Board of Directors instructed staff to develop a water rate subsidy for treated water customers; and

**WHEREAS**, the goal of a water rate subsidy is to help low-income residential treated water customers through a reduction of the District’s base rate; and

**WHEREAS**, other LIRA programs in the water service industry generally utilize between one and two percent of a community’s monthly income as an indicator of an affordable water rate; and

**WHEREAS**, because the District’s base water rate is already less than one percent of the community’s monthly income, the Federal Poverty Level will be utilized as the income calculator; and

**WHEREAS**, the discount will apply to the District’s base rate annually and will not be retroactive; and

**WHEREAS**, interested residential treated water customers must provide proof that a permanent resident in the household is enrolled in one or more federal assistance programs as defined in the policy; and

**NOW, THEREFORE, BE IT RESOLVED**, the Board of Directors of the Nevada Irrigation District hereby adopts the following policies as attached, and shall be incorporated herein:

# 11110 – Low Income Rate Assistance (LIRA)

**BE IT FURTHER RESOLVED**, that the attached policies shall be incorporated into the District Policy Manual, and the Board Secretary is hereby authorized to assign and revise policy numbers, and format and reformat the attached, as needed for an organized, comprehensive, policy manual.

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**PASSED AND ADOPTED** by the Board of Directors of the Nevada Irrigation District at a regular meeting held on the 24th day of July 2019, by the following vote:

<b>AYES:</b>	Directors:
<b>NOES:</b>	Directors:
<b>ABSENT:</b>	Directors:
<b>ABSTAINS:</b>	Directors:

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President of the Board of Directors

**Attest:**

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Secretary to the Board of Directors

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# Nevada Irrigation District

## POLICY MANUAL

**POLICY TITLE:** Low-Income Rate Assistance (LIRA)

**POLICY NUMBER:** 11110

**11110.1 Purpose:** The purpose of this policy is to establish a low-income Fixed Fee assistance program for qualifying residential treated water accounts.

**11110.2 Definition(s):**

Federal Poverty Level (FPL): A measure of income issued every year by the Federal Department of Health and Human Services used to determine eligibility for many low-income programs and benefits.

Fixed Service Charge (Fixed Fee). Base rate the District charges for water service regardless of the amount of water used.

**11110.3 Program Details:** The District established a LIRA Program to provide a discounted Fixed Fee for treated water accounts that is equivalent to one percent of the FPL. This figure is based upon water affordability thresholds established by both the US Environmental Protection Agency and the California Department of Public Health that range from one to three percent of annual income. The District selected one percent of the FPL as it is the only percentage low enough to provide a reduced Fixed Fee for the communities served by the District.

To calculate the rate, the District utilizes the average persons per connection (2.84 based on 2010 Census Data) to determine the FPL. The 2019 FPL for a household of three is \$21,330. One percent of the monthly household income at the FPL for three is \$17.78. This is the District's 2019 discounted Fixed Fee for qualifying low-income customer accounts.

The Board of Directors established a 2019 Fixed Fee rate of \$26.25, resulting in an \$8.47 difference in the monthly fee (\$26.25-\$17.78), which will be rounded to the nearest half dollar. In 2019, LIRA qualifying residential accounts will receive an \$8.50 monthly discount on the Fixed Fee.

The Fixed Fee discount is adjusted annually by multiplying the prior year discount by the corresponding water rate increase percentage (if any), rounded to the nearest half dollar. The discount does not apply to consumptive rates, and is not retroactive. The percent of FPL calculation will be recalculated the year following a Census data update.

Funding for implementation of the LIRA program shall come from the District's non-water rate revenue, including hydroelectric, and/or revenue from the District's leases.

#### **11110.4 Program Qualifications:**

To qualify for the program customer accounts must meet the following conditions:

- File a completed application. Applications will be reviewed and the applicant notified of eligibility within 3 weeks of receipt. The discount will be applied toward bills incurred after notification of eligibility
- NID account must be in the applicant's name
- LIRA discounts are available to single-family, residential, treated water account holders
- Applicant must reside and live at the address where the discount will be received
- Applicant must provide proof of enrollment in one of the following qualified public assistance programs
  - Medicaid/Medi-Cal for Families A&B
  - Supplemental Security Income (SSI)
  - CARE (gas & electric company discount)
  - Bureau of Indian Affairs General Assistance
- Accounts enrolled in the program must notify the District within 30 days if the household no longer qualifies for the LIRA discount. Failure to do so may result in back-billing for the discounted rate received and ineligibility to reapply for 12 months.
- It is the responsibility of the applicant to reapply for the discount every year
- Accounts enrolled in LIRA must be keep current at all times. If service is disconnected for non-payment, the account may be removed from the program and will be ineligible to reapply for 12 months, during which time there must be no additional disconnections in service.

#### **11110.5 Program Termination:**

The program may be suspended, modified or terminated at any time by the Board of Directors and there is no entitlement to receive assistance. Implementation of any alternative, mandated state or federal low-income water rate assistance program shall result in the immediate cessation of the District's LIRA Program.

Adopted: July 24, 2019 via Resolution No.2019-22

Revised: