



Agenda Date: 1/17/2019

Agenda Placement: 4B

Napa Sanitation District Finance Committee Board Agenda Letter

TO: Finance Committee

FROM: Jeff Tucker - Director of Administrative Services/CFO
NS-Administration

REPORT BY: Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000

SUBJECT: Review and Discuss Low Income Assistance Program for Sewer Service Charges

RECOMMENDATION

Review and provide direction regarding NapaSan's Low Income Assistance Program for sewer service charges.

EXECUTIVE SUMMARY

NapaSan has offered a Low Income Assistance Program for sewer service charges since 2006.

Program Criteria

To be eligible for the Low Income Assistance Program, applicants must own their own home, live in the home, and have a household income below a certain threshold, or be residents in an eligible affordable housing facility. The income threshold depends on the number of people living in the house and is set to equal the city of Napa's income thresholds for their affordable housing program, which is 60% of the area's median household income.

Participation Rate

There are currently 121 individual residential units in the Low Income Assistance Program, and over 1,000 multi-family units (627.2 sewer service units) through the city of Napa's Affordable Housing program. In total, this represents about 2.3% of all of the residential service units in NapaSan's service territory.

Program Costs and Financing

Proposition 218 does not allow the rates paid by some rate payers to be increased to pay for a reduction in rates for other rate payers. In other words, a rate payer subsidized low income program is not legal. For this reason, NapaSan uses non-rate revenues to finance its program. Specifically, NapaSan has historically used the lease revenue from the Eagle Vines Golf Club lease for this, although all of NapaSan's lease revenue would be allowable for this use.

The discount is 28% of the annual sewer service charge. The FY 2018/19 discount amount is \$189.38.

The cost of the program has risen significantly, from \$51,733 in FY 2008/09 to \$141,694 in FY 2018/19, as more people have enrolled and the discount has grown with increases in the sewer service charge.

Costs Exceeding Eagle Vines Funding Source Revenue

The cost of the program exceeded the Eagle Vines Golf Course lease revenue in FY 2017/18 and the current fiscal year, and is projected to remain above the lease revenues into the future. However, the program costs are significantly lower than all lease revenues, which include the revenue from the Somky property.

Is the Board comfortable with using Somky lease revenues to pay for the Low Income Assistance Program, or should the Program stay within the revenues of the Eagle Vines lease?

Proposed Income Verification Procedural Change

Currently, NapaSan staff verifies the income of every individual applicant by requiring the submission of income tax documents. This practice exposes sensitive tax information (e.g., address, social security number, annual income data) to staff, which creates the risk of potential misuse. This practice also requires staff to interpret which revenues are counted and not counted to calculate income, making the determination subjective.

Other water and wastewater agencies that offer a low income assistance program have used enrollment in the PG&E CARE program as a way to determine their program eligibility. CARE program requirements are similar, but not the same as NapaSan's requirements.

Using CARE program enrollment as a criteria for NapaSan's Low Income Assistance Program has the advantages of increased ease for the customer (applying for only one income verification process instead of two) while reducing NapaSan staff time and reducing the risks associated with handling personal tax information.

Should NapaSan change its income verification process?

NapaSan staff is seeking direction on the future funding of the Low Income Assistance Program, and whether it should change its income verification practices. Any changes would require action by the full Board of Directors.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

SUPPORTING DOCUMENTS

A . Presentation

Napa Sanitation District Finance Committee: Approve

Reviewed By: Jeff Tucker