

Water Residential Assistance Program in Detroit Raises the Bar on Water Affordability

DWSD Water Assistance Fair 2016: Wayne Metropolitan Community Action Agency personnel help Detroit customer enroll in WRAP. Over 900 Detroit residents attended the Assistance Fair.



When Beverly Walker's* finances took an unanticipated tumble after a serious illness, she faced escalating medical expenses on top of her household expenses, including her water bill. A recent widow, Walker's anxiety grew as she considered how to resolve a \$600 past due water bill with the Detroit Water and Sewerage Department (DWSD) on her limited income. Thanks to the Water Residential Assistance Program (WRAP), nowadays when Walker opens her water bill, she's no longer anxious about making her payment. Walker, who has lived in her Detroit home for the past five years, has an average water bill of \$19 dollars a month—a far cry from the \$60 dollars each month she was paying before enrolling in WRAP.

Beverly Walker is one of the more than 5,850 Detroiters who have been enrolled in WRAP, an innovative payment assistance plan that helps low-income residents pay their water bills. With a 40 percent poverty rate in Detroit, the program addresses an acute need in the City of Detroit.

Detroit's Affordability Challenge

As the water utility for a city recovering from a financial crisis, DWSD faces complex challenges. In 2013, an emergency manager was appointed to oversee the city's budget, and that summer Detroit filed for the largest municipal bankruptcy in US history. Low-income residents struggled to pay water bills, while DWSD struggled to fund much-needed infrastructure investments. One unintended consequence of passing unpaid water bills as bad debt expenses onto other ratepayers was that it caused double-digit rate hikes for several years and an average of \$10 per household water bill was due to uncollectable accounts.

*Name changed at customer's request

In the summer of 2013, DWSD continued to struggle with positive customer relations which were exacerbated by widespread water shutoffs instituted in response to delinquent accounts. This highlighted the need for a comprehensive and compassionate rate assistance program. Michigan's legal framework restricts options for utilities to address water affordability. Despite this legal impediment, DWSD has developed a model that aims to provide financial relief to customers and ensure that they are not left without water service. While the program cannot solve the entrenched economic challenges that Detroit and its low-income residents face, it has the potential to make water service more affordable for those in need.

How the Program Works

The WRAP is a regional program of the Great Lakes Water Authority (GLWA) offered throughout its service area in southeast Michigan including Wayne County, where Detroit is situated. Wayne Metropolitan Community Action Agency, which provides essential services, diversified programming, and community resources to low- and moderate-income individuals and families throughout Wayne County, administers the WRAP program.

Prior to 2014, DWSD was the regional provider of water and wastewater services to over 35 percent of Michigan's population. Following Detroit's bankruptcy, a memorandum of understanding (MOU) was negotiated between the City of Detroit, the counties of Wayne, Oakland, and Macomb, and the State of Michigan to form the GLWA. DWSD leases water and sewer infrastructure to GLWA in exchange for an annual lease payment that will be used to replace and rehabilitate DWSD's aging water and sewer system. DWSD continues to be responsible for the water and sewer infrastructure in the city of Detroit.

WRAP provides qualifying customers at or below 150 percent of the federal poverty threshold with help in paying current and past-due water bills. Eligible customers receive a \$25 monthly credit toward current water bills with any arrears suspended for 12-24 months. Customers who successfully make their monthly payments for one year receive an additional credit of up to \$700 toward the deferred arrears. Qualifying residents with water usage exceeding 120 percent of the average household water consumption in the city are also eligible for a free home water conservation audit, and an additional \$1,000 for plumbing repairs based on audit results. More than 800 residents have received audits with nearly 560 receiving free plumbing repairs. Customers who are currently enrolled in WRAP and remain in compliance with the program's payment plan will not have their water service interrupted.

For Beverly Walker, who has been on the program since last March, WRAP brought welcome relief. "I'm not sure how I would have managed my water bill without WRAP," said Walker. "I was recovering from a life-threatening illness and unable to work full-time. My husband had recently died and I had no idea what to do. I have always been self-sufficient and just needed direction to get me through a tough time in my life."

A Commitment to Affordability

Water affordability has been a significant issue in Detroit for many years, sparking protests over water shut-offs in 2013 and calls for an income-indexed rate structure since 2005. In 2015, incoming DWSD Director Gary Brown, working with City Council, created a Blue Ribbon Panel on Affordability to examine Detroit's options within Michigan's legal framework for water affordability. The Blue Ribbon Panel, which included city council staff, community activists, and national experts, recommended the expansion of a water assistance program, as well as improvements to DWSD's customer service and billing system. WRAP was highlighted as an important strategy by the Detroit Blue Ribbon Panel on Affordability.

“This is by far one of the most exciting and generous water affordability programs in the country, a real game-changer for residents who have few low-income based payment assistance options to help with water bills” said Gary Brown, Director of DWSD. “Someone like Ms. Walker who is successfully making her monthly payments, has an opportunity to reduce her bill and literally clear her slate with DWSD-- unencumbered by past due water bills.”

More than 19,000 of Detroit’s 175,000 residential water accounts are on a payment plan making it a sought-after program among Detroiters. Since WRAP and the accompanying payment plan program launched, over \$7.3 million in funding has been committed to the program through the end of 2017, although more funding is needed to meet demand.

Denzel Donald sits on the steps of his Detroit home. Donald enrolled in WRAP after a broken water pipe in his basement caused escalating water bills.



A National Model with Ambitious Goals

Brown, who sits on the six-member GLWA board of directors as vice-chair, helped negotiate the terms of the WRAP contract. Brown is optimistic about the future of WRAP when he hears stories like Walker’s.

“WRAP is performing as it was designed,” said Brown. “I can’t tell you how many times someone has walked up to me with a story on how the program has helped them stay on course with their water payments. We’re looking at innovative ways to develop the program to assist even more individuals. It’s really great when you’re able to offer assistance through a dynamic program like WRAP which is helping those who need it the most.”

DWSD is constantly evaluating the program to ensure it continues to meet the needs of the community. Recently this included increasing the per-day intake of WRAP enrollees from 20 to 40, allowing more people to participate in the program. Another option in consideration is a toilet replacement program that would help residents in older homes reduce their water consumption and thus lower their bill. The programs DWSD has initiated are still in the early stages, but so far are working as intended; to assist Detroit residence with their water bills.

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