



October 23, 2023

The Honorable Jeff Irwin
Chair of the Michigan State Senate
Housing and Humans Services Committee

Re: SB-0549, SB-0550, SB-0551, SB-0552, SB-0554 (2023 Water Affordability Package)

Dear Chair Irwin:

The undersigned organizations, which represent a broad and diverse group of stakeholders vested in the success of Michigan’s water industry and the health of our communities, urge the Housing and Human Services Committee to take immediate action to pass the 2023 Water Affordability Package.

These bills are critical to protect the infrastructure of nearly 1,400 community water systems throughout the state that safeguard drinking water for more than seven million Michiganders. A stakeholder workgroup convened by Senator Stephanie Chang spent eight months developing a consensus bill package to support local water systems and protect critical water infrastructure through the creation of a statewide water affordability plan, with a sustainable funding mechanism, and protections for low-income and critical-care customers.

We support the 2023 Water Affordability Package because it was developed with input, contributions, and considerations from representatives of water utilities (large and small, from across the state), local governments, water advocates, environmental groups, academic professionals, community action agencies, United Way organizations, legislators, and state agencies. Together, this cross-section of industry experts, municipal organizations, researchers, lawyers, lawmakers, and advocates found common ground to develop a comprehensive bill package based on the following guiding principles.

Properly maintained water infrastructure systems enhance quality of life, enable economic growth, and provide a strong foundation for vibrant and resilient communities. The Flint Water Crisis reminded us of what can happen when we fail to properly maintain and operate critical water infrastructure. Still, Michigan’s funding model for water infrastructure is insufficient to meet growing demand. There is an increased level of investment needed to maintain aging water infrastructure while complying with increasing environmental regulations to address emerging contaminants and eliminate pollutants. This type of investment also is needed to respond to the strain on systems related to climate changes and pressure to develop resilient infrastructure to withstand weather events.

Many water utilities set rates are based on what their customers can afford and not what the system requires. Water utilities are required to provide reliable service and quality water through infrastructure; maintain fiscal viability to pay for capital needs, operation and maintenance costs, and existing and future financing obligations; and provide these services at a cost that is affordable to both residential and non-residential customers. This results in a trilemma requiring water utilities to constantly balance these competing interests. Setting or maintaining rates at a level that customers can afford is often done at the sacrifice of meeting other needs.

Water utilities cannot solve this problem alone. This is not due to negligence, or operational inefficiencies, but due to inadequate funding which is often beyond the control of local officials who manage the systems or residents who live in the community. For example, communities without non-residential customers (like local businesses), or declining populations, have fewer customers to defray the costs to manage water systems. This means higher water bills for the customers who remain.

Water affordability is not just a problem of the poor. When water bills go up, some customers can no longer afford their water bill. That puts them at an increased risk of disconnection from water services or facing property tax liens that can result in foreclosure. This causes significant harm to households, including damage to health, family, and dignity. There are also significant impacts to water utilities. Uncollected or delayed revenue means a less reliable income stream available for infrastructure maintenance or replacement. Service disconnections and bill collection efforts may add operational costs. There are also impacts to society with public health, safety, and collective well-being at risk.

Many people can't afford their water bills. There are no easy solutions when a customer cannot afford water services and doesn't pay their bill. If a utility does not intervene, a large bill or lien against their property makes it even harder for a customer to become current. But, if a utility intervenes and discontinues service, a household is denied access to a vital human service, and the utility has one fewer customer paying for the water system infrastructure.

Existing water assistance programs are insufficient. Past and present programs have created temporary water assistance programs designed to provide short-term emergency relief focused on eliminating debt after it's been accrued. A permanent and long-term solution is needed to provide consistent and affordable water bills to low-income residents who are unable to pay their bills. This will break the cycle of customers accumulating large debts, which is lost or delayed revenue for utilities, reduce the occurrences of service disconnection and tax liens, and improve water system services.

Legislation must address all aspects of water affordability. The water affordability bill package utilizes a multipronged approach to: (1) eliminate existing water debt that will reduce household financial burdens and improve the fiscal stability of utilities; (2) provide income-based water bills that achieve a targeted affordability level for low-income customers and provide consistent rate recovery for utilities; and (3) support healthy, safe, and livable homes by offering household plumbing repairs that will mitigate water loss, reduce water bills, address inefficiencies, and protect public health. A water affordability program, coupled with traditional financing through grants and loans, will ensure more secure and sustainable investments in our water infrastructure.

Michiganders support this concept. More than a decade ago, Michigan enacted bi-partisan legislation to create and fund the Michigan Energy Assistance Program (MEAP) using a customer fee to support low-income customers with their energy bills. These water affordability bills are modeled after that legislation. Recent statewide polling conducted by The Nature Conservancy shows that 60% of respondents support the creation of a statewide program to help low-income households with water bills, funded with a monthly \$2 fee per customer on all water bills. This support was evident in every region of the state and within each demographic group. In addition, nearly 90% of respondents support the water shut off protections provided in the proposed Shutoff Protection Act.

Thank you for your attention to this important issue. We look forward to working together to continue building healthy, safe, and resilient communities by protecting Michigan’s critical water infrastructure.

Sincerely,

Jim Nash, Water Resources Commissioner, Oakland County,

Gary Brown, Director, Detroit Water and Sewerage Department

Bonnifer Ballard, Executive Director, Michigan Section of the American Water Works Association

Louis Piszker, Chief Executive Officer, Wayne Metro Community Action Agency

Kyle DuBuc, Vice President, Communications & Advocacy, United Way for Southeastern Michigan

Christopher Taylor, Mayor, City of Ann Arbor

Sylvia Orduno, Managing Director, People’s Water Board Coalition

Dave Coulter, County Executive, Oakland County

Maureen D. Taylor, MSW, State Chairperson, Michigan Welfare Rights Organization

Cyndi Roper, Senior Policy Advocate, National Resources Defense Council

Copy:

The Honorable John Damoose

The Honorable Sylvia Santana,
Majority Vice Chair

The Honorable Mary Cavanagh

The Honorable Rosemay Bayer

The Honorable Sue Shrink

The Honorable John Cherry

The Honorable Erika Geiss

The Honorable Jonathan Lindsey,
Minority Vice Chair

The Honorable Michele Hoytenga

The Honorable Stephanie Chang