

Affordability Analysis – What is it?

- An evaluation of how much our customers can afford to pay for water and sewer service
 - General population
 - Vulnerable populations
 - Businesses
- Takes into consideration all of the region's utility related expenses – water, wastewater, stormwater
- Along with an assessment of the City's ability fund and finance the operations and capital work

Affordability Analysis – Goal

To ensure that any schedule for improvements is as expeditious as possible while maintaining affordable rates for all customers.

Affordability Analysis

- Performed an analysis as part of Wet Weather Management Plan in 2005
- Currently working on new analysis for 2015 Blueprint submittal
- The Affordability Analysis is about what the City can afford, not what plan we choose
- “Do Nothing” is not an option
 - Rates are going to increase

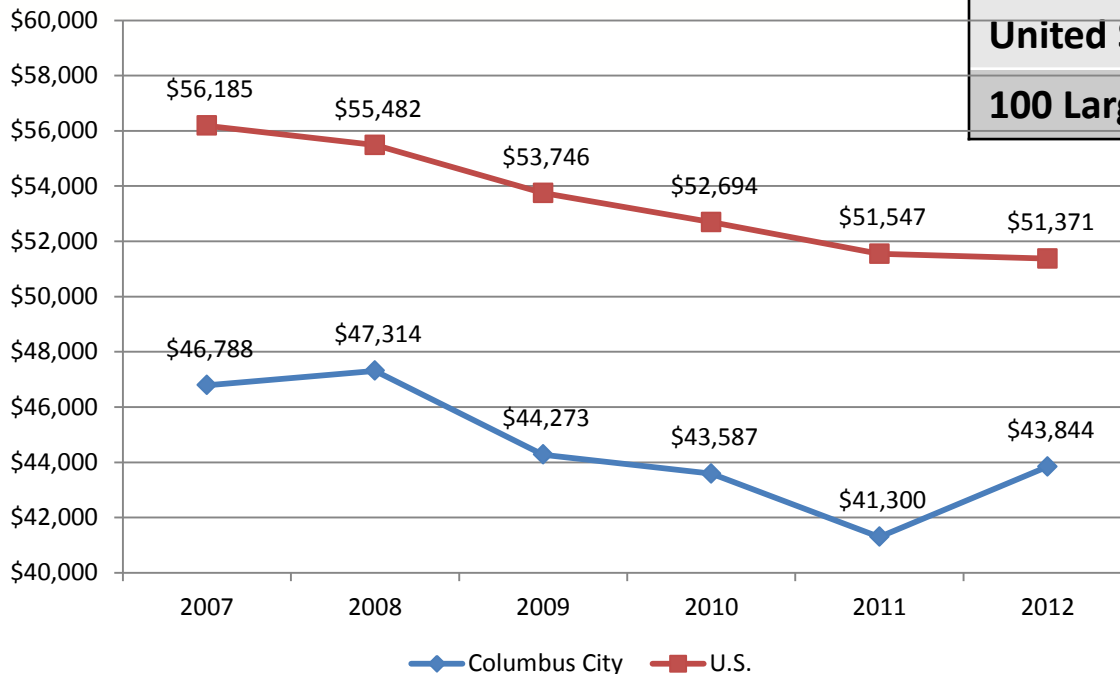
USEPA Methodology

- Very limited and simplistic
- Looks at two factors
 - Residential indicator – 2 percent of median household income
 - Financial Indicator – various measures of City's financial health
- Only considers wastewater costs
- Analyzes as low, medium or high burden
- Recently, USEPA has acknowledged limitations of this approach

Median Household Income

Among the largest 100 U.S. cities, Columbus ranks 59th in terms of MHI. Income declines in recent years have been consistent with national trends.

Geographic area	MHI (2012\$)
WW Service Area	55,606
Inside City	43,844
Outside City	73,199
United States	51,371
100 Largest U.S. Cities	48,028



Note: Household income includes income from: wage or salary; self-employment; interest, dividends, net rental; royalty income, or income from estates and trusts; Social Security; supplemental security; public assistance; retirement, survivor, or disability income; and all other sources

Source: U.S. Census ACS, 2012-single year estimates and 2008-2012 average estimates, updated to 2012 USD based on Consumer Price Index (CPI)

Columbus' 2005 Approach

- Followed USEPA methodology, which showed high burden
- Went beyond the two factor approach to more holistically evaluate affordability
- Worked closely with SWAB and the public to identify other factors
 - Impact on poorest 10%, poverty levels, housing burden, unemployment, etc.
- Concluded that City needed a 40 year schedule
- In addition, developed measures of success to track on-going affordability

2005 Measures of Success

Category	Measure	Trigger Level	Max/Min
Overall Impacts	Maximum aggregate sewer bill increase	250%	Max
	Percent customers in Step 3 or 4 delinquency	7%	Max
Vulnerable Population Impacts	Maximum percent HHI for vulnerable population	5.50%	Max
Local Economy/Business Health	Housing starts change vs. reference area (ratio)	1	Min
	Employment change vs. reference area (ratio)	0.85	Min
Housing Impacts	Number of households mortgage eligibility impacted	23,000	Max
	Number of renters driven over housing-cost burden threshold	11,000	Max

2015 Affordability Effort

- In 2009, Ohio EPA gave conditional approval to original 40 year plan
 - Condition was to revisit affordability in 2015
 - Analyze plans that are 5, 10 and 15 years shorter
- Blueprint agreement in 2012
 - Reconfirmed commitment to submit a new affordability analysis
 - Will look at gray plan and Blueprint approach
 - Due on Sept. 15, 2015

2015 Affordability Effort, cont.

- Will work with SWAB and CAP to revisit measures of success
- Working with suburbs to capture their costs, which should be included
- Will include more than wastewater costs
 - Stormwater and drinking water costs
- Review other communities efforts with affordability

New and Revised Measures of Success

- Reviewing national trends
 - Many cities have done AA's since 2005
 - Looking for other approaches
- Reviewing 2005 Measures of Success
 - Do they still make sense
 - Need to be easy to track
- Will have a draft in December
- Will present to CAP in January and seek input