
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: January 30, 2004

SUBJECT: **PROJECT WATER ASSIST & ABATMENT PROGRAMS**

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Gary Mumford

ADMINISTRATIVE DEPT. AND CONTACT PERSON: Public Utilities
Jim Lewis

cc: Rocky Fluhart, LeRoy Hooton, Jeff Niermeyer, Jim Lewis, Ed Rutan, Chris Bramhall, DJ Baxter

KEY ELEMENTS:

The Department of Public Utilities made a study of the benefits that the City receives from Project Water Assist and the City's Abatement programs. If the Council agrees with the recommendation to provide funding for these programs, State law requires a hearing. The Department requests that the Council hold a public hearing and adopt a resolution relating to these programs as required by State law.

The City's Project Water Assist program, which is administered by the American Red Cross, began in 1987 to allow customers to receive needed financial assistance for a one or two month period. The program is funded by voluntary contributions from customers by marking a box on their bill and including the amount with their monthly payment. Contributions received during the first several years of the program exceeded needs, which resulted in an accumulation of a reserve. However, the assistance provided during the last several years have exceeded contributions and has drawn down the accumulated surplus. The Department of Public Utilities would like to donate up to \$10,000 per year to Project Water Assist to help maintain the program. The City Attorney's Office informed the Department that this donation would require that the City Council hold a public hearing and make a determination that the City receives benefit from the appropriation. The City Attorney's Office also suggests that the public hearing include the City's abatement program where a portion of water, stormwater, and garbage fees are waived for qualifying individuals.

MATTERS AT ISSUE AND QUESTIONS FOR THE ADMINISTRATION:

Water Assist Program – The American Red Cross administers the City's Water Assist Program. To qualify for temporary assistance (one or two months relief of water, sewer, stormwater and garbage bills), a customer must meet one of the following: (1) have a verifiable medical emergency, (2) be 60 years or older, (3) be temporarily or permanently disabled, or (4) have a household income of 150% of the federal poverty level or less. The annual maximum assistance for each customer is \$200. Of those who have participated in the program in the past, 41% were households with children under 5 years of age, 27% were permanently disabled, 27% were elderly, and 5% were temporarily disabled.

The Department is proposing an annual contribution of up to \$10,000 of Public Utilities' funds to this program. In addition, the Department pays an annual administration fee of about \$3,300 to the Red Cross and distributes a brochure promoting the program at an approximate cost of \$4,000 annually.

Abatement Program – The City's abatement program was established in 1990 at the request of the City Council when the stormwater fee was first instituted. The Council added water and garbage fees to this program in 1995. The abatement amounts are \$4.33 reduction each month for water (50% of service fee), \$1.50 per month for stormwater (50% of total fee), and \$4.88 for garbage (50% of total fee). To qualify for the City's abatement program, a customer must qualify for property tax relief with Salt Lake County. There are currently 2,431 customers that have been certified as eligible for the abatement program, which results in reducing annual revenue by \$264,000 in water, stormwater and garbage fees. Customers qualify for the City's abatement program if they also qualify for property tax relief with Salt Lake County. The Department's transmittal includes a detail list of the eligibility requirements including income of not more than \$24,245, disabled veterans (at least 10% disability), blind, extreme hardship or disability.

Study of Value Received – The 2003 Legislature added language to the state code providing that a municipal legislative body may appropriate money for corporate purposes that in the judgment of the municipal legislative body, provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the municipality subject to a study of the value received for any money appropriated and subject to a public hearing. The transmittal from the Department of Public Utilities included a written study as required by state law. The study states that bond covenants mandate that water service be terminated for nonpayment. When service is terminated, the Salt Lake Valley Health Department begins proceedings for condemning of the residence. Families evicted may be forced to turn to shelters or other public assistance programs. Vacant buildings can potentially negatively impact neighborhoods. The study concludes that the costs associated with displacing households due to service shut-offs far exceed the costs involved in sustaining the Water Assist and Abatement programs. These two programs allow the Department of Public Utilities to refer needy customers to the Red Cross or to the County for determination of eligibility rather than immediately terminating water service for non payment.

OPTIONS:

The Council may wish to discuss whether rate-payers' funds should be used to augment private donations of the Project Water Assist program. The Council may wish to discuss whether the City should continue to offer a partial waiver of fees for those qualifying for the County property tax abatement program. The Council may wish to consider the following options:

1. Schedule a public hearing and consider adopting a resolution ratifying the Abatement Program and approving an annual contribution up to \$10,000 to Project Water Assist.
2. Modify the eligibility requirements for Project Water Assist so that contributions will continue to fully support the program.
3. Increase or decrease the waivers offered under the City's abatement program. *The Council may wish to discuss with the representatives of the Department of Public Utilities whether they recommend any changes to the program.*
4. Request information from the City Attorney's office regarding Utah Code Section 10-8-2 and the types of appropriations or reductions of fees that require a special study and the types of appropriations that are not subject to the study requirements but are still subject to a public hearing.

CHRONOLOGY:

- 1987 – The Council implemented the Project Water Assist program to provide assistance to customers needing temporary financial assistance. This provided a way for customers to help other customers in need.
 - 1990 – The Council adopted an abatement program in connection with the new stormwater fee.
 - 1995 – The Council added a fee reduction to the garbage fee as the fee was increased. The Council also added a water fee reduction in connection with rate increases for a five-year water capital improvement program.
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