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# SALT LAKE CITY COUNCIL STAFF REPORT

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**DATE:** March 5, 2004

**SUBJECT:** **WATER ASSIST & ABATEMENT 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

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On February 3, 2004, the Council received a briefing regarding a request by the Department of Public Utilities to continue the County Abatement Program and to make annual contributions of up to \$10,000 to the American Red Cross for the City's Water Assist program. Water Assist allows certain low income customers to receive financial assistance for a one or two month period. The program is funded by voluntary contributions from customers. The assistance provided during the last several years have exceeded contributions and has drawn down reserves. The Department of Public Utilities would like to donate up to \$10,000 per year to help maintain the Water Assist program. The public hearing also includes the City's abatement program where a portion of water, stormwater, and garbage fees are waived for qualifying individuals.

At the briefing, Jim Lewis and Stephanie Duer explained that a number of large municipalities have similar programs with some of these municipalities supplementing private contributions with rate-payers' revenue. Council Members asked about efforts to promote the program and encourage contributions. Attached is a copy of a couple of flyers that were distributed with water bills. Occasionally, a message has been added to the bottom of the bill (in the message area) emphasizing the need for contributions. The program has also been mentioned during community meetings.

Luann Clark indicated that the American Red Cross applied for administrative funding for its utility assistance programs including the City's program. However, it may be difficult to qualify for block grant funds for administration because not all of those being assisted may meet HUD guidelines.

## **OPTIONS:**

The Council may wish to discuss whether rate-payers' funds should be used to augment private donations of the Water Assist program and 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. Support the programs as proposed including a contribution from the Department of Public Utilities of up to \$10,000 each year.

2. Request that the Department of Public Utilities make additional efforts to inform the public of the need for individual contributions.
3. Modify the eligibility requirements for Project Water Assist so that contributions will continue to fully support the program.
4. Request that the Department encourage the Red Cross to apply for CDBG funds for direct services rather than for administration.

### **POTENTIAL MOTION:**

If the Council decides to approve the resolution as proposed, the following motion is appropriate:

["I move that the Council"] **Adopt a resolution** ratifying the City's water, stormwater and garbage collection fee abatement program and adopt a resolution approving an annual expenditure of up to \$10,000 from the City's Water Enterprise Fund to fund shortfalls in the Project Water Assist program operated by the American Red Cross.

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The following information was provided previously. It is provided again for your reference.

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Water Assist Program – The American Red Cross administers the City's Water Assist Program. 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. To qualify for temporary assistance (one or two months relief of water, sewer, stormwater and garbage bills), a customer must have a household income of 150% of the federal poverty level or less and meet one of the following: (1) have a verifiable medical emergency, (2) be 60 years or older, or (3) be temporarily or permanently disabled. 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 of Public Utilities pays an annual administration fee of about \$3,300 to the Red Cross and distributes a brochure each year promoting the program at an approximate cost of \$4,000.

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,

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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 Department of Public Utilities made a study of the benefits that the City receives from Project Water Assist and the City's Abatement programs. 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.

## **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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