
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: January 28, 2005

SUBJECT: **PROJECT WATER ASSIST
CONTRIBUTION OF UP TO \$10,000 PER YEAR**

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Gary Mumford

ADMINISTRATIVE DEPT.
AND CONTACT PERSON: Public Utilities
Jim Lewis

NOTICE REQUIREMENTS: 14-day newspaper notice of public hearing
Notice was published on January 18, 2005

CC: Rocky Fluhart, LeRoy Hooton, Jeff Niermeyer, Jim Lewis, DJ Baxter

On March 9, 2004, the Council authorized a one-time \$10,000 contribution from the City's water utility fund to offset a shortfall in the City's Project Water Assist program administered by the American Red Cross. The Department of Public Utilities is now requesting that the authorization be extended to allow for an annual contribution of up to \$10,000 as needed. At the January 4, 2005 briefing, representatives from the Department explained that contributions have stayed flat at about \$12,000 while disbursements are now averaging about \$20,000 per year.

POTENTIAL MOTION:

The Council may wish to consider the following motion if the Council desires to adopt the resolution.

["I move that the Council"] Adopt a resolution authorizing the expenditure of up to \$10,000 each fiscal year from the City's water enterprise fund to fund shortfalls in the Project Water Assist program operated by the American Red Cross.

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

The Department of Public Utilities is requesting that water rate-payers' funds be used to make a contribution to Project Water Assist of up to \$10,000 per year on an on-going basis as needed. The City's Project Water Assist program, which is administered by the American Red Cross, allows qualifying customers to receive assistance of up to \$200 per calendar year. The program has been funded by voluntary contributions from customers, which currently amount to about \$30,000 annually. 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 exceeded contributions and has drawn down the accumulated surplus. In March 2004, the City Council granted a request by the Department of Public Utilities to make a

\$10,000 donation to Project Water Assist to help maintain the program. The Department is requesting continuation of the contribution of up to \$10,000 each year until customer contributions can meet the needs. The Department has the funds in its current budget to make the donation.

Water fees for renters are usually included in the rent payments. Most residential water customers are property owners. Each year about 200 customers participate in the Water Assist program because of unemployment, health issues, or fixed-income of the elderly. To qualify for assistance, customers must have 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 under the City's assistance program. Those requesting assistance meet with a Red Cross caseworker to provide supporting documentation and to receive budget counseling. The Department of Public Utilities estimates that 50% of those that receive assistance are repeat participants who receive assistance every year.

Each year the Department of Public Utilities sends an insert with the water bill describing the program and the eligibility requirements. Attached is the most recent insert. The assistance program is also mentioned during meetings with community groups. Customers that call because of difficulty in paying for utilities or customers with past due amounts are informed of the assistance program. A customer with a past due account at the time of a subsequent billing is given 15 days to make payment before a warning letter is sent. The warning letter provides 10 days to make payment before a customer service agent is sent to the home to talk to the customer and leave a written 24 hour notice. If no payment is made within the 24 hour period then water is shut off.

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 programs.

The City also offers an abatement program of a portion of the utility fees, but this abatement program is not part of the current transmittal or proposed resolution. Those home owners that qualify for the County tax relief are automatically enrolled in the City's utility abatement program. The City's abatement for water is \$4.33 (75% of water service fee) \$1.50 per month for stormwater (50% of total fee), and \$4.88 for garbage (50%

of total fee). There are 2,430 customers enrolled in the City's abatement program. The abatements result in reducing annual revenue by \$264,000 in water, stormwater and garbage fees.

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 having no choice except 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.
 - March 9, 2004 - The Council approved the 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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