

## 2011 Council Study Issue

## FIN 11-01 Utility Bill Assistance for Low Income, Fixed Income, Senior, and Disabled Utility Customers

**Lead Department** Finance

**History**                **1 year ago** None        **2 years ago** None

### 1. What are the key elements of the issue? What precipitated it?

During the public hearing for adoption of the FY 2010/2011 Utility Rates, the impact of utility costs on the City's senior, fixed income, low income, and disabled communities was raised. It is common for investor owned utilities (for example PG&E) to offer low income or senior discounts for utility services to these customer groups.

Council has requested that staff review this issue to see if there are discounts or programs that can be offered to help alleviate the impact of the City's rates on these customers. Staff's current understanding of the legal framework for implementing a program like this in a public utility (as opposed to a private investor owned utility) is that it can't be implemented without alternative funding sources as the rates wouldn't cover the cost of providing service, thereby violating the proportionality requirements of Proposition 218.

As part of the study, staff will review this framework as well as look to other sources of revenue to fund a subsidy. Examples may include customer donations, grants or other outside funding, or transfers from the general fund. Other options will also be explored to possibly provide some relief such as budget billing or grants to outside groups who work with these particular customer groups.

### 2. How does this relate to the General Plan or existing City Policy?

Community Vision Goal XIV. Caring Community: To provide support for those in the community who are not able to fully support themselves, so that all residents may enjoy the City's high quality of life.

### 3. Origin of issue

**Council Member(s)** Lee, Spitaleri

**Board or Commission** Housing and Human Services Commission

### 4. Staff effort required to conduct study Moderate

### 5. Multiple Year Project? No Planned Completion Year 2011

### 6. Expected participation involved in the study issue process?

**Does Council need to approve a work plan?** No

**Does this issue require review by a Board/Commission?** Yes

**If so, which?** Housing and Human Services Commission

**Is a Council Study Session anticipated?** No

### 7. Briefly explain cost of study, including consultant hours, impacted budget program, required budget modifications, etc. and amounts if known.

Staff will conduct the study utilizing resources available in Program 708 - Utility Billing. No additional resources will be required to conduct the study.

### 8. Briefly explain potential fiscal impact of implementing study results (consider capital and operating costs, as well as potential revenue).

Implementation of a program of this nature could have a moderate fiscal impact on the City, potentially requiring the addition of one administrative staff person to the Utility Billing Program to administer the program. Program administration would likely include an application process (develop, distribute and evaluate applications for the subsidy), ongoing revenue collection and tracking, program participant management and tracking (insuring continued compliance with program guidelines and eligibility), and reporting. Potential revenue sources to be studied are utility revenues, customer donations, CDBG or other grant funds, and general fund revenues.

**9. Staff Recommendation**

**Staff Recommendation** For Study

**If 'For Study' or 'Against Study', explain**

Staff has periodically received requests for this type of service. Conducting a study and developing a policy to address this issue will be beneficial to the City's customers and provide staff with clear guidance in handling future inquiries regarding these types of programs.

**Reviewed by**

  
Department Director

7/28/10  
Date

**Approved by**

  
City Manager

7/28/10  
Date