ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: 03/03/14
Item No.: 14.a

Department Approval

City Manager Approval

Item Description: Consider Establishing a New Utility Rate Discount Program

BACKGROUND

At the December 9, 2013 City Council meeting, the Council passed a resolution suspending all new registrations for the City's Utility Bill Discount Program. This action was based on the Council's desire to establish a new Program objective of providing the discount with those with limited financial means.

Under the old criteria, eligibility was determined as follows:

> **Utility Bill Discount Program Eligibility Requirements**
> **(Prior to 12/9/2013)**
>
> - Owner and head of the household of a single-family home
>
> In addition, homeowners must meet one of the following requirements:
>
> - At or below the federal poverty threshold guidelines
>
> --- **OR** ---
>
> - Presently receiving retirement, survivors insurance, or disability insurance under the Social Security Act, 42 USC #301, as amended.

Using these criteria, applicants had to sign an affidavit signifying that they met the eligibility requirements. However, there was no verification process nor was it need based; something the Public Works, Transportation, and Environment Commission and the City Council both expressed interest in featuring.

Over the past few months, City Staff has been researching other financial assistance programs administered by the State of Minnesota and Ramsey County to glean some guidance on how Roseville might administer its Discount Program. This included a review of the following programs:

- Supplemental Nutritional Assistance Program (SNAP); formerly known as 'food stamps'.
- Minnesota Family Investment Program (MFIP).
- General Assistance (GA) Program; generally a cash assistance program.

In addition to these programs, Staff took a cursory look at other assistance programs that were more targeted to persons with a long-term illness or disability. Because these programs are much narrower in scope, Staff does not feel that they serve as a comparable guide for our own Discount Program.

A summary of the Programs noted above are included in *Attachment A*.

Revised Program - Proposed

Based on guidance from these programs, Staff has prepared the following Program objectives and eligibility requirements for discussion purposes:

City of Roseville

Utility Discount Program

Effective ________, 2014

Program Objectives

The Utility Discount Program is designed to give limited financial relief to low-income single-family homeowners' water and sewer bill. The purpose of the Program is to encourage residents to retain home ownership and avoid any delinquencies with their water and sewer bill during periods of diminished personal income.

It is recognized that some homeowners could experience long-term reductions in their personal income due to economic downturns, job loss, etc. As such, the Discount Program does *not* have a benefit expiration date as long as applicants continue to meet eligibility criteria.

Eligibility Criteria

To be eligible for the Discount Program, applicants must meet all of the following criteria:

1) Owner and occupant of a single-family home
2) Currently enrolled in one or more of the following Ramsey County-administered financial assistance programs:
    a) SNAP (Supplemental Nutritional Assistance Program)
    b) MFIP (Minnesota Family Investment Program)
    c) General Assistance (GA)
3) At or below 165% of the federal poverty threshold guidelines

Under the County's current financial assistance program requirements, residents must re-establish their eligibility every 6-12 months. It is suggested that the City require written proof of participation in one or more of the County-administered programs on an annual basis to remain eligible for the City's Utility Discount Program.

Estimated Program Participants

Based on the most recent census data, as well as information provided by Ramsey County for participation levels in their financial assistance programs; it is estimated that approximately 100-150 single-family homeowners would be eligible for the City's Utility Discount Program under the new eligibility criteria. In contrast, the City had approximately 2,300 homeowners under the old criteria.

Phase-Out Options for Prior Discount Program Participants

As noted above, the City has approximately 2,300 households that are currently participating in the Discount Program based on previous eligibility requirements. The discount applies on the water and sewer base fees only. The current discount amount is $33.10 per quarter, or $132.40 annually. This is shown in the chart below:

	Standard Amount	**Discount Amount**	**Difference**	**% Diff.**
Water Base Fee (per quarter)	$ 54.45	$ 35.40	$ (19.05)	
Sanitary Sewer Base Fee (per qtr.)	37.35	23.30	(14.05)	
Total	$ 91.80	$ 58.70	$ (33.10)	36%

If the Discount Program were eliminated entirely, the standard amount would drop by approximately 8% to 84.45 per quarter. Therefore the financial impact for those that 'lose' the discount is as follows:

	Discount Amount	**Standard Amount**	**Difference**	**% Diff.**
Water Base Fee (per quarter)	$ 35.40	$ 50.10	$ 14.70	
Sanitary Sewer Base Fee (per qtr.)	23.30	34.35	11.05	
Total	$ 58.70	$ 84.45	$ 25.75	44%

To soften the impact of losing the discount, it is suggested that currently eligible homeowners retain the full discount ($33.10) for 2014, and 50% ($16.55) for 2015. Under this scenario, the Discount under the old requirements would be completely phased out for 2016. It is suggested that the discounted amount remain at 35% less than the standard amount.

Staff will be available at the Council meeting to address any inquiries.

POLICY OBJECTIVE

Not applicable.

FINANCIAL IMPACTS

Not applicable.

STAFF RECOMMENDATION

Not applicable.

REQUESTED COUNCIL ACTION

For discussion purposes only. No formal Council action is requested.

Prepared by: Chris Miller, Finance Director
Attachments: A: Ramsey County Financial Assistance Program Summary

Summary of Ramsey County Financial Assistance Programs
As of January, 2014

<u>Supplemental Nutritional Assistance Program (SNAP); formerly known as 'food stamps'</u>

- For adults and families
- Benefit duration is limited to 3 months in a 3-year period for able-bodied adults without children than can work 20 hours or more. However, benefit duration is unlimited if disabled or if children are living in the home
- Gross income** requirements based on 165% of the federal poverty level. Income limits:
  a) $1,580/month for individuals
  b) $2,133/month for 2-person household
  c) $2,685/month for 3-person household
  d) $3,238/month for 4-person household

*** Note: Housing costs are deducted from gross income. If over 60, out-of-pocket medical costs are also deducted from gross income ***

- Income verification required at least annually (biennially for seniors) through check stub or similar documentation.

<u>Minnesota Family Investment Program (MFIP)</u>

- For families only; children must live in the home
- Applicants must be actively seeking employment
- Benefit duration is limited to 6 months
- No income requirements
- Maximum benefit:
  a) $437/month for 1 parent 1 child
  b) Small increase for each additional child

<u>General Assistance (GA) Program</u>

- For Adults only
- Typically for 'Over 55' adults that are unable to work for at least 45 days; oftentimes due to illness or disability
- Generally preceded by applicant filing for Supplemental Social Security or Social Security Disability
- Benefit duration is not limited
- No income requirements
- Maximum benefit:
  c) $200/month for individuals
  d) $280/month for couples