



Finance Committee

Lifeline Utility Rates

Agenda Date: 9/16/2020
Agenda Item Number: 6.C
File Number: 20-0700

Type: recommendation **Version:** 1 **Status:** Passed

Title

Lifeline Utility Rates

Recommended Action

Committee Recommendation:

Move to support the Utility Advisory Committee (UAC) recommendation to establish a charitable fund managed by the Community Action Council and forward to the City Council for approval.

City Manager Recommendation:

Move to support the UAC recommendation.

Report

Issue:

Whether to support the UAC recommendation to establish a charitable fund managed by the Community Action Council and provide community awareness through the utility bill and forward to the City Council for approval.

Staff Contact:

Eric Christensen, Public Works Water Resources Director, 360.570.3741

Presenter(s):

Eric Christensen, Water Resources Director

Background and Analysis:

The City's Lifeline utility rate program, set in Olympia Municipal Code (OMC) [4.24.020](https://www.codepublishing.com/WA/Olympia/?Olympia04/Olympia0424.html) [<https://www.codepublishing.com/WA/Olympia/?Olympia04/Olympia0424.html>](https://www.codepublishing.com/WA/Olympia/?Olympia04/Olympia0424.html), provides a 50 percent discount on residential utility rates to any household occupied by low income elderly (age 62 or above) or low income disabled persons. Additionally, OMC [4.24.030](https://www.codepublishing.com/WA/Olympia/?Olympia04/Olympia0424.html) [<https://www.codepublishing.com/WA/Olympia/?Olympia04/Olympia0424.html>](https://www.codepublishing.com/WA/Olympia/?Olympia04/Olympia0424.html) extends the Lifeline utility rate program via a rebate to renters of individually metered premises.

The program reduces a typical single-family household bi-monthly utility bill from roughly \$246 to \$123. Additionally, the City provides a flexible payment plan for those customers that have fallen behind in paying their bill.

Olympia's current Lifeline utility rate program assists about 335 households per year at a cost of roughly \$247,000 to traditional ratepayers. Prorated across the four Utilities, the cost results in 0.435% of rate charges or \$6.42 annually for traditional ratepayers. The bi-monthly cost is \$1.07.

Olympia Population and Poverty Levels

- Olympia's population is roughly 52,770 people living in 25,190 housing units.
- One-person household poverty level: \$12,760 per year
- Two-person household poverty level: \$17,240 per year
- Individuals with incomes below the poverty level: 18.4%

In 2018, the City evaluated ways to increase enrollment in the Lifeline utility rate program. The UAC recommended, and the Finance Committee approved, an option that maintained the existing eligibility requirements, but increased community awareness of the program.

At the request of the UAC, City staff implemented numerous public outreach efforts in 2019 to promote the Lifeline rate program. From April 2018 - April 2020, the program had an increase of approximately 95 participants. Please note, participants must re-apply every year, so this number fluctuates month-to-month.

Legal Authority for Utility Assistance Programs

[RCW 35.92.020 <https://app.leg.wa.gov/rcw/default.aspx?cite=35.92.020>](https://app.leg.wa.gov/rcw/default.aspx?cite=35.92.020) (5) authorizes cities to "provide assistance to aid low-income persons in connection with services provided under" chapter 35.92 RCW ("Municipal Utilities"), and [RCW 35.67.020 <https://app.leg.wa.gov/rcw/default.aspx?cite=35.67.020>](https://app.leg.wa.gov/rcw/default.aspx?cite=35.67.020) (5) provides cities the same authority with respect to sewerage services. [RCW 36.94.140 <https://app.leg.wa.gov/rcw/default.aspx?cite=36.94.140>](https://app.leg.wa.gov/rcw/default.aspx?cite=36.94.140) (4) provides identical authority for counties.

Also, [RCW 74.38.070 <https://app.leg.wa.gov/rcw/default.aspx?cite=74.38.070>](https://app.leg.wa.gov/rcw/default.aspx?cite=74.38.070) provides authority for cities, counties, public utility districts, and any other municipal corporation or quasi-municipal corporation providing utility services to offer reduced utility rates for low-income senior citizens and other low-income citizens.

Article 8, Sec. 7 of the state constitution permits "gifts" of public funds in "support of the poor and infirm," which has been interpreted by the courts to mean "poor or infirm."

While only water and sewer districts are provided direct statutory authority to solicit voluntary contributions ([RCW 57.46.010 <https://apps.leg.wa.gov/rcw/default.aspx?cite=57.46.010>](https://apps.leg.wa.gov/rcw/default.aspx?cite=57.46.010)) it is a common practice among utility providers. Agencies solicit donations from all customers and then funds are funneled through a nonprofit that deems eligibility and disburses funds, with agency oversight.

New Option: Charitable Donation Fund

At the June 2020 UAC meeting, staff presented a program where customers can donate to a charitable fund managed by the Community Action Council (CAC), a local non-profit that provides various assistance programs to low income residents in Thurston County. The Olympia utility bill

would have a message on it asking for donations to the fund. The CAC would receive the funds from the City and would administer and distribute the funds to qualified Olympia citizens. The cities of Lacey and Tumwater already participate in their own assistance programs with CAC. There is no cost for the CAC to provide this service.

Olympia residents experiencing a financial hardship would apply for assistance with CAC. The funds would pay for drinking water, sewer and garbage utilities. The City have developed the criteria for the CAC to screen applicants, such as income limits. Additionally, the UAC recommends that utility customers be eligible to receive \$75 up to two times per year when a customer has received a past due notice.

Establishing this charitable fund program would require the City Council's approval of a resolution to create the charitable fund program, authorize the utilities to contribute one-time start-up funds (\$5,000) for the fund, and approve a professional services agreement with CAC to implement the charitable fund program to supplement the existing Lifeline utility rate program.

Neighborhood/Community Interests (if known):

Many of the City utilities' customers are low income and face challenges paying their utility bills. Creating a charitable fund and continuing the Lifeline rate program helps our low income citizens.

Options:

Option 1: Support the Utility Advisory Committee (UAC) recommendation to establish a charitable fund managed by the Community Action Council and forward to the City Council for approval.

Option 2: Request staff to consider an alternative utility rate assistance program.

Financial Impact:

A one-time payment of \$5,000 to seed the charitable fund is necessary. It is proposed that the seed money would be split amongst the utilities based on their proportional share of an average residential utility bill:

- Drinking Water: \$1,618.71
- Wastewater: \$1,158.27
- Storm and Surface Water: \$ 748.17
- Waste Resources: \$1,438.85

Attachments:

Olympia Lifeline utility rate program webpage www.olympiawa.gov/lifeline
<<http://www.olympiawa.gov/lifeline>>

Community Action Council webpage <<https://caclmt.org/>>

Draft Professional Services Agreement with the Community Action Council