

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO				CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)	
TO: CITY COUNCIL		FROM (ORIGINATING DEPARTMENT): Public Utilities		DATE: 10/29/2014	
SUBJECT: Low Income Customer Assistance Program - Informational Report					
PRIMARY CONTACT (NAME, PHONE): Wilson Kennedy, 858-614-4070 MS 901			SECONDARY CONTACT (NAME, PHONE): Michael Vogel, 619-533-7596 MS 901		
COMPLETE FOR ACCOUNTING PURPOSES					
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
COST SUMMARY (IF APPLICABLE):					
ROUTING AND APPROVALS					
CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	
Liaison Office		ORIG DEPT.	Wright-Travis, Marie	10/30/2014	
Financial Management		CFO			
		DEPUTY CHIEF			
		COO			
		CITY ATTORNEY	Palmucci, Ray	10/31/2014	
		COUNCIL PRESIDENTS OFFICE			
PREPARATION OF:	<input type="checkbox"/> RESOLUTIONS	<input type="checkbox"/> ORDINANCE(S)	<input type="checkbox"/> AGREEMENT(S)	<input type="checkbox"/> DEED(S)	
Informational Item only					
STAFF RECOMMENDATIONS: This is an information item only. No action is required by the Committee or Council.					
SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)					
COUNCIL DISTRICT(S):	All				
COMMUNITY AREA(S):	All				
ENVIRONMENTAL IMPACT:	None				
CITY CLERK					

INSTRUCTIONS:	
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**COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO**

DATE: 10/29/2014

ORIGINATING DEPARTMENT: Public Utilities

SUBJECT: Low Income Customer Assistance Program - Informational Report

COUNCIL DISTRICT(S): All

CONTACT/PHONE NUMBER: Wilson Kennedy/858-614-4070 MS 901

DESCRIPTIVE SUMMARY OF ITEM:

Update to the Environment Committee on low income customer assistance programs.

STAFF RECOMMENDATION:

This is an information item only. No action is required by the Committee or Council.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The City of San Diego provides high quality reliable water services to approximately 275,000 service locations citywide, including over 250,000 residential locations. The Public Utilities Department (Department) has looked closely at options for assisting low income customers with the rising costs of water utility services. The Department has compiled extensive information on a wide variety of programs currently in place in other utilities across the state and the nation. However, within the state, the key challenge remains the same. Funding for a low income customer assistance program must comply with Proposition 218. Proposition 218 requires that revenues from the fee/charge shall not “exceed the funds required to provide the service” nor “be used for any purpose other than that for which the fee was imposed.”

National research of 21 agencies identified the following nine funding sources used by other agencies for this purpose: Investment interest earning; lease revenue (cellular phone towers); sale of electricity; delinquent utility bill fees; sewer fund; gas fund; subsidies charged to non-enrolled customers; electronic payment (e-payment) rebates; and voluntary tax deductible contributions (donations). Of these funding sources, donations are the only source of funds that complies with Proposition 218.

Below are the key findings:

- On average, 3% - 4% of customers were enrolled in assistance programs. That would equate to approximately 7,500 - 10,000 customers for the City of San Diego.
- Many agencies offer a recurring monthly assistance program (\$5 to \$10 reduction per period).
- Alternative programs limit the number of enrollees based on available funds or offer one-time assistance during a 12-month period. This is the recommended direction for a City low income water utility assistance program.
- National League of Cities (www.NLC.org) just completed the first year of a 2-year pilot program called Local Intervention for Financial Empowerment through Utility Payments (LIFT-

UP) which identifies indebted residents and connects them with a financial counselor for guidance.

- Many agencies partner with local non-profit organizations, require enrollment in other assistance programs or similar qualifying low income programs to verify their eligibility.

Our next steps will include researching administrative costs. The Department will identify the cost of internal administration versus administration by a third party non-profit organization and determine which approach is more effective. There are local non-profit organizations with experience administering these types of programs for SDG&E and they have expressed interest in partnering with the Department on this program. We will talk further with them to compile a list of services provided by these agencies. We will also compile lessons learned from SDG&E's Low Income Home Energy Assistance Program (LIHEAP) and the costs associated with their similar services. In addition, the Department will develop a detailed proposal for such a program for review by this Committee at a later date.

FISCAL CONSIDERATIONS: None with this action.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): Not applicable.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None.

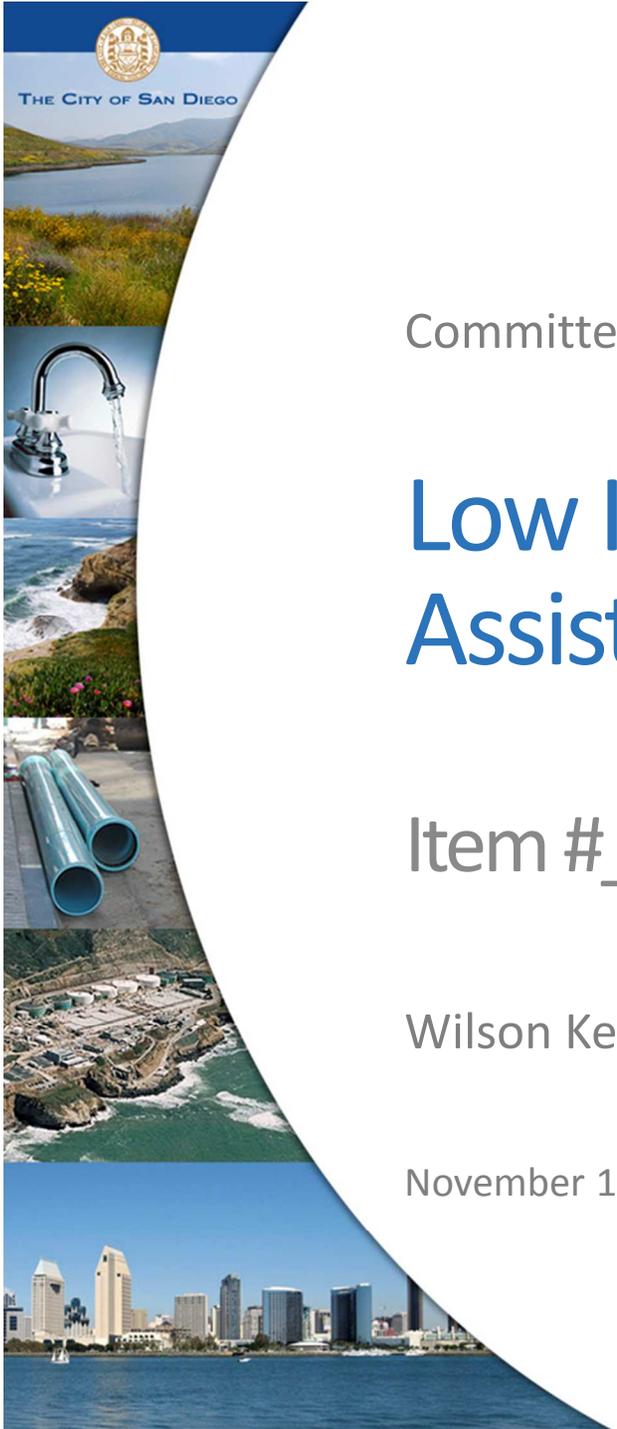
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

We are researching the estimated cost of a possible partnership with non-profit organizations like Campesinos Unidos, Inc. or Metropolitan Area Advisory Committee who both already administer a similar program for SDG&E.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: Not applicable.

Wright-Travis, Marie
Originating Department

Deputy Chief/Chief Operating Officer



THE CITY OF SAN DIEGO

Committee on the Environment

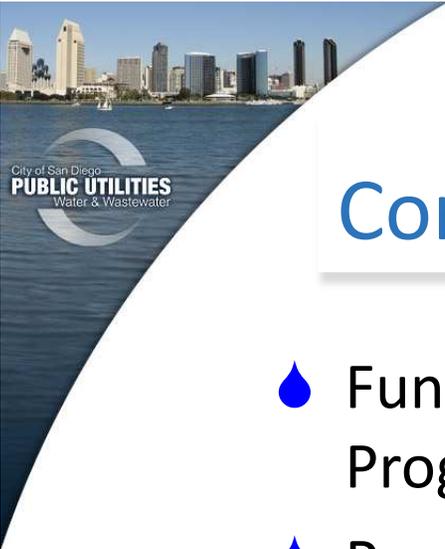
Low Income Customer Assistance Program

Item # _____

Wilson Kennedy, CFE, MBA

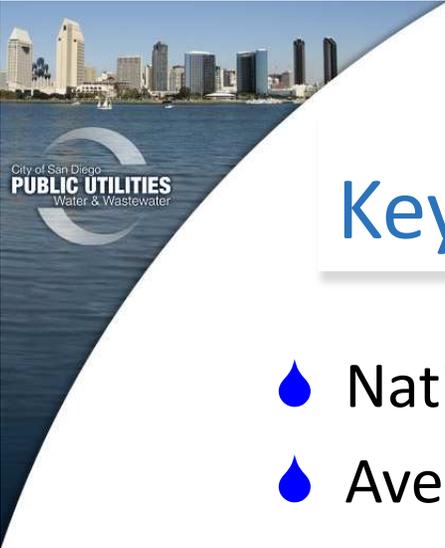
November 12, 2014





Compliance with Proposition 218

- Funding for a Low Income Customer Assistance Program must comply with Proposition 218
- Proposition 218 requires that revenues from the fee/charge **shall not**:
 - “exceed the funds required to provide the service”
 - “be used for any purpose other than that for which the fee was imposed”
- Research identified voluntary tax deductible contributions (donations) as the only Proposition 218 compliant source of funding



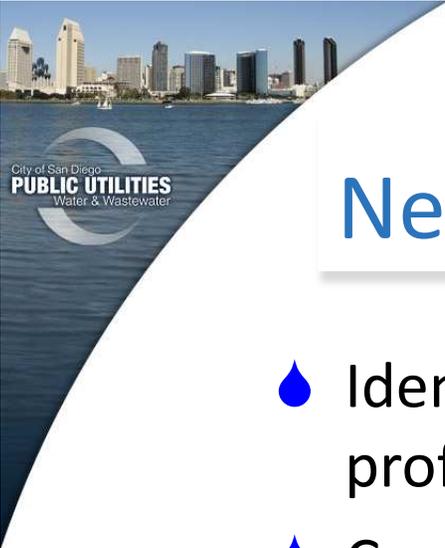
Key Findings Based on National Research

- National research of 21 agencies
- Average of 3% - 4% of customers enrolled
- Many offer recurring monthly assistance (\$5 - \$10/mo.)
- Alternative Programs
 - Limit the number of enrollees based on available funds
 - Offer one-time assistance during a 12-month period (recommended direction)
- National League of Cities (NLC.org)
 - LIFT-UP Program
 - Financial empowerment services



Key Findings Based on National Research

- Some partner with local non-profit organizations
 - Both the City and County of Riverside
 - The City of Tempe, Arizona
 - The City of Salem, Oregon
- Many require enrollment in assistance programs
 - Local Assistance Programs
 - Utility Assistance Programs
 - Other Qualifying Low Income Programs



Next Steps – Develop a Sound Proposal

- Identify cost of administration (internal vs. local non-profit organization)
- Compile list of services provided by experienced non-profit organizations
 - Campesinos Unidos, Inc. (CUI)
 - Metropolitan Area Advisory Committee (MACC)
- Compile lessons learned working with SDG&E's Low Income Home Energy Assistance Program (LIHEAP)
- Prepare a detailed proposal for review by this Committee



Questions?

