

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Legislative	Meg Moorehead 4-8929	

Legislation Title:

AN ORDINANCE expanding emergency bill payment assistance to help avoid water shut-off in low income households with minor children, and amending Seattle Municipal Code Section 21.76.065.

Summary of the Legislation:

This legislation increases the availability of emergency bill payment assistance from once a year to twice a year for low income Seattle Public Utilities (SPU) customers who are living with minor children and facing water shut-off due to non-payment of bills.

Background:

Keeping SPU bills affordable for low income customers and providing assistance to help avoid water shut-off for those customers has been a long-standing City Council priority. That priority has been reflected in Council action to expand eligibility for SPU low income rate discounts twice since 2002 and make emergency utility bill payment assistance available for low income customers facing water shut-off. Most recently, in 2012 the Council worked with SPU and the Human Services Department (HSD) to halve the required re-enrollment frequency for seniors and make rate discounts retroactive to the date a complete application is received. Yet despite the availability of 50% rate discounts and emergency bill payment assistance, in 2012 138 low income households experienced at least one water shut-off due to non-payment of bills. Sixty eight of those households had minor children. While water shut-off is very effective in motivating bill payment, it deprives households of clean water for drinking, bathing and flushing toilets. The health and hygiene impacts of water shut-off can be particularly hard felt by children. This legislation seeks to help avoid water shut-offs for low income customers living with minor children by increasing the availability of emergency SPU bill payment assistance from once a year to twice a year.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

Appropriations:

Fund Name and Number	Department	Budget Control Level*	2013 Appropriation	2014 Anticipated Appropriation
TOTAL				

**See budget book to obtain the appropriate Budget Control Level for your department.*

Appropriations Notes:

This legislation requires no additional appropriations because it does not affect spending but instead affects revenue received from payment of bills.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
Drainage/Wastewater Fund 44010 Water Fund 43000 Solid Waste Fund 45010	Seattle Public Utilities	Drainage, wastewater, water and solid waste services	(\$26,200)	(\$27,200)
TOTAL				

Revenue/Reimbursement Notes:

Under its Emergency Assistance Program (EAP) in 2012, SPU helped 1,142 low income customers avoid water shut-off by forgiving \$273,884 of delinquent bills. It is not known how many of those customers live with minor children because the customers are not asked for that information when applying for assistance. However an estimate of assisted customers living with children could be based on the Utility Discount Program (UDP), which collects household information while enrolling customers for low income rate discounts. UDP data show about 27% of enrolled households have children under 18. For estimating revenue losses from this legislation, it is assumed that the number of customers receiving EAP assistance will remain at 2012 levels and the percent of those households with minor children is the same as in the UDP. It is also assumed that the percent of UDP customers with children that experienced multiple water shut-offs in 2012 (17 out of 68 households or 25%) represents the percent of EAP households with children that will need emergency assistance more than once a year.

Based on those assumptions, in 2013 about 308 low income households with children might need emergency assistance, and 77 of those might need assistance more than once. If those households require assistance twice and each time use the maximum 2013 credit of \$340, then the utility revenue loss would be about \$26,200. In 2014 the maximum credit increases to \$353 and the utility revenue loss would be about \$27,200. A small reduction in General Subfund revenue from utility taxes will result from the collection of less rate revenue. Revenue losses could be more if the number of customers requesting emergency assistance increases. Losses also could be more (a total loss of \$104,700 in 2013) if all 308 low income EAP households with children receive

assistance twice each year. Revenue losses could be less if more customers avoid shut-off notices by halving their bills through UDP rate discounts – only 7% of 2012 EAP customers were enrolled for discounted rates. Losses also could be less if customers do not require the maximum credit. In 2012, the maximum credit was \$312 but the average credit granted was only \$240 – about 77% of the maximum credit.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

Current SPU rates assume once-a-year emergency assistance. This legislation would result in collection of a little less revenue than assumed in rates, so that less is available to support SPU spending and financial policy compliance. Because low income emergency assistance is funded by other SPU customers, upcoming SPU rate proposals would be expected to include slightly higher rate increases for those other customers.

b) What is the financial cost of not implementing the legislation?

Not implementing this legislation would maintain the status quo. There would be no impact on rates, expenses or revenues. The cost of not implementing this legislation would be felt by low income families, not City government.

c) Does this legislation affect any departments besides the originating department?

HSD enrolls customers for low income utility rate discounts under a memorandum of agreement with SPU. As part of the enrollment, HSD may collect household information that helps identify low income customers living with minor children.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

A non-City funding source could be sought for expanding emergency assistance but no such source is immediately apparent.

e) Is a public hearing required for this legislation?

No

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

g) Does this legislation affect a piece of property?

No

h) Other Issues:

List attachments to the fiscal note below: