



DATE: April 6, 2023
TO: Environmental Services Commission
FROM: Andy Baker, Utilities Fiscal Manager
Khadija Sadat, Utility Rate and Tax Relief Program Administrator
SUBJECT: Donation Program for Rate Assistance

ACTION REQUIRED

Staff is seeking the Commission's recommendation to City Council to implement the proposed Donation Program for Rate Assistance.

BACKGROUND / ANALYSIS

Council directed Utilities staff to explore implementation of a donation program to generate additional funds for the utility rate relief programs. The existing Utilities billing system does not have the capability to accept donations. Utilities is in the process of implementing a billing system that will have this feature. In preparation for this capability, Utilities staff has evaluated our existing rate relief programs, assessed other utilities in the state with donation programs, and developed a proposed program for receiving donations and leveraging those donations to support utility rate relief.

Existing Bellevue Utilities Relief Programs

Bellevue has three Utility Relief programs:

- **Utility Rate Relief (URR)**: provides a 70 percent discount on basic water, sewer, and stormwater service to low-income seniors and low-income disabled residents. This program serves both single-family households and tenants in multifamily dwellings.
- **Emergency Assistance Program (EAP)**: waives up to four months of basic utility bills for low-income customers experiencing a financial shock.
- **Utility Tax Relief**: provides an annual rebate for utility taxes on basic utility services to low-income households.

Based on the evaluation of Bellevue's existing utilities relief programs, a gap has been identified in serving customers who need temporary assistance, but do not meet the eligibility terms of the Emergency Assistance Program. The Emergency Assistance Program is relatively new, having been established in 2019. In the four years of administering the program, staff have identified situations where a customer may have an urgent need, as determined by the customer receiving an urgent shutoff notice but has not experienced a financial shock. The most common situations where this arises are:

- Customers with ongoing high medical costs,
- Working families with limited financial resources, and
- Newly retired seniors who did not qualify based on the prior year's income.

Regional Benchmarking

Utilities staff contacted neighboring cities and utility districts, as well as larger utilities around the state, to evaluate best practices regarding donation programs. Most neighboring cities have not yet established formal

donation programs for rate relief, but larger cities such as Seattle and Spokane, as well as larger non-water utilities such as Puget Sound Energy (PSE) have these programs.

Of the utilities with established donation programs, staff observed a number of consistent best practices:

- Unique branding to communicate the purpose and nature of the program to both applicants and to encourage donations.
- Accept recurring donations on the utility bill in addition to one-time donations online.
- Dedicate the program for temporary relief, as donation revenues are variable and uncertain, and may not be sufficient to fund ongoing rate discount programs.

Proposed Program: Neighbors Helping Neighbors

Giving customers the option to donate when paying their utility bill creates an opportunity for enhancing the existing utilities rate relief programs with this new funding.

The proposed program also addresses the gaps in Bellevue's existing rate relief programs by being available to all low-income customers who have received an urgent shutoff notice.

Qualification:

- Current low-income status, and
- Not receiving the 70% discount from the Utility Rate Relief program, and
- Have an Urgent / Shutoff Notice.

Assistance:

Up to two months' reduction on the basic utility bill.

- Up to \$333 in 2023.
- Up to \$1,000 credit in 2023 if qualified for both donation funds and EAP.

Funding:

Donations, either recurring on the bill or as one-time donations will be the primary funding source. Because the amount and timing of donations is difficult to predict, Utilities proposes to initially seed the program with \$50,000, and to match donated funds up to an additional \$50,000 per year. Assistance through the program will be provided on a first-come, first-serve basis. These policies will balance program availability while avoiding rate impact from the new program.

The magnitude of need and amount of benefit offered will be evaluated as part of each budget cycle going forward.

Next Steps

- Receive recommendation from the Commission on the proposed donation program.
- Develop the implementation plan, including technical implementation with Utilities' new billing system.
- Develop the communication plan, including:
 - Informing customers of the new donation program and what donations support, and
 - Informing customers on donation options.
- Council approval.

POLICY ISSUES

The recommended policy is consistent with Council’s vision and priorities, specifically as it aligns with maintaining the affordability of housing in Bellevue (Council Priority 5) and the strategic target of Achieving Human Potential, which emphasizes that our entire community experiences equitable access to services.

State Law:

The Revised Code of Washington (RCW) 35.21.100 authorizes cities to accept donations. RCW 35.92.020 (5) authorizes municipal utilities to provide assistance to low-income persons in connection with services provided, and the Washington State Constitution, Ar. VIII, sec. 7, authorizes governments to provide support to the poor and infirm.

City Code:

Bellevue City Code (BCC) 24.10.070 authorizes Utilities to establish a donation program for rate relief. The new donation-funded program for temporary assistance for low-income customers with an Urgent / Shutoff Notice would require changes to Code to enact.

City Financial Policy:

City of Bellevue has an approved financial policy for Donation Policy and Procedures. These policy and procedures were written with one-time donations in mind, and will need to be updated to provide for receiving recurring donations on the utility bill.

FISCAL IMPACT

The fiscal impact of the proposed Neighbors Helping Neighbors donation program for rate assistance is summarized in Table 1:

Table 1. Fiscal Impact

	2023	2024
Initial Program Seeding	\$50,000	
Maximum Program Match	\$50,000	\$50,000
Total	\$100,000	\$50,000

Because this is a new program, Utilities will re-evaluate the funding level necessary to support the program goals as part of each future budget based on both donation levels and rate of applications for assistance.

ATTACHMENTS & AVAILABLE DOCUMENTS

None