

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS
APPROVING THE ESTABLISHMENT OF THE MILPITAS ASSISTANCE PROGRAM**

WHEREAS, the City of Milpitas (the “City”) charges fees (“Fees”) for licenses, permits, as well as City-provided services, including property-related services such as water and sewer service, residential permitting for replacement of water heaters, furnaces, and air conditioners, and recreational services, which are essential for a high quality of life; and

WHEREAS, Fees are established and adjusted based on the City’s cost to provide the services, permits, licenses, or regulatory activity for which the Fees are imposed; and

WHEREAS, the City recognizes that its low-income residents and residents experiencing temporary financial hardships may be unable to pay the full cost of Fees for City services, licenses, and permits; and

WHEREAS, the City desires to ensure that such permits, licenses, and services, which are either necessary for property ownership or for maintaining a sufficient standard for quality of life, are available to all its residents; and

WHEREAS, the City has identified certain legally available, unrestricted sources of funding that can be used to assist qualified low-income residents, including general fund dollars; and

WHEREAS, the City’s Department of Recreation and Community Services has demonstrated, through its successful administration of Recreation Assistance Program (“RAP”), the ability to administer such a low-income assistance program. This includes, but is not limited to, promoting the availability of assistance funding; verifying financial need; making awards in a fair and impartial manner; maintaining secure and confidential records of applicants’ personal information; and accurately tracking and reporting distribution of award funds.

NOW, THEREFORE, the City Council of the City of Milpitas hereby finds, determines, and resolves as follows:

1. The City Council has considered the full record before it, which may include but is not limited to such things as the staff report, testimony by staff and the public, and other materials and evidence submitted or provided to it. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.
2. The City Council does hereby approve the establishment of the Milpitas Assistance Program (“MAP”), subject to the criteria and limitations set forth therein, all as set forth in **Exhibit “A”** hereto, for the purpose of providing financial assistance through Fee discounts to qualified Milpitas residents, to offset service fees charged by the City. The MAP shall only be available to the extent sufficient unrestricted funding exists. If such funding no longer exists, the MAP shall be temporarily suspended until such funding is available for such purposes again.
3. Qualified low-income residents shall include residents that meet all of the criteria set forth in the MAP in **Exhibit “A”** hereto.

4. With the establishment of MAP, the City Council authorizes staff to incorporate the estimated impacts to the General Fund into the 2019-20 budget.
5. The MAP serves a public purpose, and is reasonably related to a legitimate governmental interest. The MAP ensures vital and quality-of-life services are available to City residents. By providing subsidies from unrestricted and legally available funds, the City is ensuring the City's most vulnerable population has access to necessary services, and the required utilities for basic human living and ensuring the Milpitas residents will not become homeless and/or a burden on the community at large.

PASSED AND ADOPTED this ____ day of _____, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, City Clerk

Rich Tran, Mayor

APPROVED AS TO FORM:

Christopher J. Diaz, City Attorney

EXHIBIT A
Milpitas Assistance Program

Under the proposed Milpitas Assistance Program (MAP), income-qualified customers would be approved at **Tier 1, 2 or 3** and could apply annually, through a single application process, for discounts on three types of City services: recreation programs; water and sewer bills; and certain residential building permit fees. Eligibility Tiers are based on the California Housing and Community Development Income Levels.

Eligibility Tiers

Tier 1 customers would be very low-income households already participating in the PG&E Care Program or a Federal or State assistance such as: Medicaid or Medi-Cal; Healthy Families A & B; Women, Infants and Children (WIC); Supplemental Security Income (SSI); Low Income Home Energy Assistance Program (LIHEAP); CalFresh/SNAP (food stamps); CalWorks (TANF) or Tribal TANF; National School Lunch Program; Bureau of Indian Affairs General Assistance. Tier 1 applicants would be required to provide proof of their participation in a qualified program, through a voucher, recent award letter or letter of participation. Income-qualified Tier 1 customers would be eligible for all three types of discounts. Youth who are in the Foster Care or Juvenile Dependency system would also qualify for recreational program discounts only, regardless of their Foster family household income. Tier 1 customers would be qualified for one year and could re-apply annually. The maximum subsidy that a Tier 1 family could receive in a year is estimated at \$1,942, if they used the full \$1,000 discount for Recreation programs; received the bi-monthly water and sewer discounts for the full year; and 100% off residential building permit fees to replace all three eligible major appliances (water heater and furnace replacement at \$309 permit fee each; and air conditioner replacement at \$257 permit fee).

Tier 2 customers would be those who does not qualify for Federal or State assistance programs, but whose household income does meet the California Housing and Community Development Income Levels.

Tier 2 applicants would be required to provide the previous year's income tax return(s) for all members of the household and documentation for any income not reported on taxes. Tier 2 customers would be qualified for one year for all three types of programs and could re-apply annually. Additionally, Tier 2 customers would have the ability to enroll in a payment plan for youth recreation programs. The maximum subsidy that a Tier 2 family could receive in a year is \$1,473.81, if they used the full \$750 discount for Recreation programs; received the bi-monthly water and sewer discounts for the full year; and 75% off residential building permit fees to replace all three eligible major appliances (water heater and furnace replacement at \$309 permit fee each; and air conditioner replacement at \$257 permit fee).

Tier 3 customers would be those experiencing temporary financial hardship due to circumstances including job loss, loss of the primary wage earner, serious illness or a government shut down in which a wage earner may be working, but not receiving paychecks. Tier 3 customers would be required to provide documentation appropriate to their circumstance and showing that their monthly income was temporarily at or below the monthly income of Tier 2 customers. Tier 3 customers would be eligible for recreation and residential permit fee discounts. Additionally, they would be eligible to enroll in a payment plan for youth recreation programs and water and sewer bill payments; late fees incurred as a result of the approved hardship would be waived. Tier 3 customers would be qualified for 6 months and could reapply once only. If the financial hardship extends beyond one year, the customer would be directed to apply under Tier 1 or 2. The maximum subsidy that a Tier 3 family could receive in a year is \$1,406.25, if they used the full \$750 discount for Recreation programs; and 75% off residential building permit fees to replace all three eligible major appliances (water heater and furnace replacement at \$309 permit fee each; and air conditioner replacement at \$257 permit fee).

Discounts and Estimate Financial Impact

Type of Discount	Funding Source	Tier 1	Tier 2	Tier 3	Estimated Impact by Program
Recreation programs	General Fund allocation and donations	75% off registration costs, \$1,000 household max – estimated cost \$16,200	50% off registration to \$750 household max – estimated \$8,100	75% off to \$750 household max – estimated \$2,700	\$27,000
Water and sewer bills	Late fees collected in previous fiscal year	\$5.13 bi-monthly sewer, \$6.13 bi-monthly water – estimated cost \$101,500 sewer, \$121,400 water (estimated 3,300)	\$5.13 bi-monthly sewer, \$6.13 bi-monthly water – estimated cost \$15,400 sewer, \$18,400 water (max 500)	No discount. However, waivers for late fees and payment plans would be considered.	\$256,700
Residential building permit fees	General Fund	100% subsidy for water heater, furnace, A/C replacements – estimated cost \$6,180 (20 permits)	75% subsidy for water heater, furnace, A/C replacements – \$7,000 (30 permits)	75% subsidy for water heater, furnace, A/C replacements – \$2,300 (10 permits)	\$15,480
Estimated Impact by Customer Type		\$245,280	\$48,900	\$5,000	TOTAL \$299,180

Administration

The Recreation and Community Services Department, which currently administers RAP, would administer the new Milpitas Assistance Program (MAP). The application process for MAP is customer service focused, user friendly, and convenient. Residents will have the ability to apply in person, online, or a combination of the two. Recreation and Community Services staff will assist residents through the entire qualifying process from helping residents complete their applications, issuing award letters, and facilitating introductions between residents and staff in the service area where they are going to receive assistance.

MAP would have two (2) Open Enrollment Periods with the first at the beginning of a Fiscal Year, and the second in the following Spring. In its first year, the first enrollment period is anticipated to be in mid Fall. Those residents in Tier 3 facing hardship would be able to apply at any time. All promotional material, award letters, and applications will be translated in Spanish, Vietnamese, and Chinese.

At the June 11, 2019 City Council Budget Hearing, the Milpitas City Council approved the reclassification of a Case Manager to a Program Coordinator (Social Services). This position will be the community’s point of contact for this program. At the time of approval, City Council requested that the position have a Masters in Social Work. Because this level of education is above the current classification of Program Coordinator, a classification and compensation Study is being conducted. Staff is anticipating returning to City Council with the results of the Study for approval of the position’s classification and

compensation in Fall 2019. Until the recruitment is completed, the Community Engagement and Inclusion Administrator will be managing the program, with the support of a part-time Case Manager.

The design of the MAP application process allows for the addition of future assistance programs of interest to the City Council such as the Rental Assistance Program. If the Council were to establish a Rental Assistance Program in the future, residents would be qualified through the MAP application process. The Program Coordinator (Social Services) would work directly with the Housing and Neighborhood Services Manager on those residents qualified for rental assistance. The Program Coordinator (Social Services) will also help facilitate connections between the resident and the Housing and Neighborhood Services Manager, ensuring a seamless process for the resident.

Other Incentives and Subsidies - Residential Building Incentive Program

In addition to the RAP, discounts are available to all residential customers, regardless of income, to promote health, safety, and welfare in the community. These are proposed 50% discounts for all residential customers seeking building permits to replace water heaters, furnaces and air conditioning units, and install solar photovoltaic or thermal systems. These incentives are provided to assist homeowners on essential maintenance activities to maintain habitability of dwelling units and to promote renewable energy. They would be consistent with the City’s overall goal of ensuring health, safety, and welfare in the community by encouraging property maintenance, safe and energy-efficient installations, and renewable energy use, to promote energy efficiency and long-term household affordability through reduced energy costs. If approved, the fiscal impact of these subsidies on the General Fund is estimated to be \$67,246.

Discounts and Estimate Financial Impact

Residential Building Fee Type	FY 2019-20 Fee	FY 2018-19 Fee	Proposed FY 2019-20 Modified Fee	Subsidy %	Avg. Permits Per Year	Annual General Fund Subsidy
Water Heater Replacement	\$309	\$141	\$154.50	50%	136	\$21,012
Furnace Replacement	\$309	\$141	\$154.50	50%	51	\$7,879
AC Replacement	\$257	\$141	\$128.50	50%	40	\$5,140
Solar PV, 15kW or less	\$500	\$141	\$250	50%	130	\$32,500
Solar PV, above 15kW, base	\$500	\$141	\$250	50%	1	\$250
Solar PV, above 15kW, per kW	\$15		\$7.50	50%	1	\$7.50
Solar Thermal, 10kWth or less	\$450	\$141	\$225	50%	1	\$225
Solar Thermal, 10kWth or more, base	\$450	\$141	\$225	50%	1	\$225
Solar Thermal, 10kWth or more, per kWth	\$15		\$7.50	50%	1	\$7.50
TOTAL						\$67,246

At its May 15, 2019 Special Meeting, City Council also received information on waivers of pre-application planning review for Accessory Dwelling Units (ADUs) at a value of \$104,320. As staff further evaluated these fees, the amount of money required for ADU application waivers may not be as much as initially estimated. Incentive Programs for ADU's have been discussed as part of the City Council Subcommittee on Housing, and staff will be evaluating those types of programs. At this time, staff is not proposing any incentives, however will be brought back to the full City Council for report and direction at a future meeting.