



STAFF REPORT

TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
MEETING DATE: OCTOBER 7, 2024
FROM: TOM DUBOIS, CITY MANAGER
SUBJECT: RATE ASSISTANCE PROGRAM FOR WASTEWATER BILLS

RECOMMENDATION:

Consider staff report and determine if city should setup a Rate Assistance Program working with ATCAA, the timing for launching the program and level of funding.

BACKGROUND:

Based on increasing operations, maintenance and capital needs, wastewater rates have increased and will continue to do so over the next several years according to the schedule below

5-Year Rate Schedule

	Previous	July 1, 2024*	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
ESFU Rate:	\$76.93	\$111.55	\$133.86	\$145.91	\$159.04	\$162.22
ESFU Rate Increase:	(na)	45.0%	20.0%	9.0%	9.0%	2.0%
Vacancy Rate:**	\$52.31	\$75.85	\$91.02	\$99.21	\$108.14	\$110.30

While no one is happy about increasing sewer rates, the city has received only a few complaints, under 10 from people that were very upset with the increase. For low-income people, and folks on fixed income, these increases are particularly difficult. As directed by Council at the time the rates were adopted, staff has looked at how other cities are dealing with the issue.

There are federal funds under the Community Service Block Grant program (SSBG) that are allocated and administered through the states. The State of California had two programs aimed at utility assistance. Low Income Home Energy Assistance (LIHEAP) and Low-Income Household Water Assistance Program (LIHWAP). The LIHWAP program included both drinking water and wastewater. It was offered last year on a trial basis but has expired and is not longer offered. Staff have been unable to identify any other source of funding for wastewater billing assistance.

I also spoke with ATCAA about their programs and processes. There is initial interest in working with the City of Sutter Creek to offer a program. If ATCAA can handle the administration by doing all the income verification and qualification of applicants, it would simplify the program greatly. Details remain

to be worked out, but if Council is interested in exploring this, staff would work with ATCAA to define how a program would work in detail to minimize the administrative overhead on City staff.

ATCAA manages the LIHEAP program for Amador County, which only applies to energy usage, and is funded through PG&E. Applicants must be low income and score additional qualifying points if they have children, are over 60 or have a disability. A Sutter Creek program could be modelled on LIHEAP, but also simplified.

Some other cities are offering Rate Assistance Programs that they are funding directly.

DISCUSSION:

We could work with ATCAA to define a streamlined program based on the LIHEAP model. The application process could be simpler. If we offered a 25% reduction in the monthly sewer bill, that would reduce the monthly payment from \$111.55 to \$83.66 a month. Per household, that would be \$334.65 a year. The city would need to transfer funds from the general fund to the enterprise fund as a subsidy to qualifying homes. To minimize administrative overhead, ATCAA would only verify income once annually. Once verified, the COSC would mark that address to get the subsidy for a year. No funds would need to exchange hands for monthly bills, which greatly simplifies things. ATCAA may charge us an administrative fee – TBD.

There is currently \$20,000 in the Council Reserve. Staff could establish a pilot program for the next six months using those funds. That would provide assistance for approximately 100 households. Based on those results, Council could decide on whether to allocate funds in next year's budget to continue the program. Staff would also continue to look for outside sources of funding. Even if this program only exists for a few years, it would help ease the transition for the hardest hit members of the community. It would also let us gauge the demand for this kind of program.

BUDGET IMPACT:

There would be an internal transfer of funds from the general fund to the wastewater fund, limited to a maximum of \$20,000 in this budget year. These funds are currently in a council reserve without a specified use. They could be used for any other purpose or an emergency fund.