

RESOLUTION NO. 2020-22

A RESOLUTION ESTABLISHING TEMPORARY CHANGES FOR THE EMERGENCY UTILITY ASSISTANCE PROGRAM

Whereas, the City of Salem operates municipal utilities for the benefit of the public;

Whereas, for many years the City of Salem has administered programs to provide rate relief and emergency assistance to certain City utility customers; and

Whereas, the City Council desires to provide immediate financial relief to qualified utility customers.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SALEM, OREGON,
RESOLVES AS FOLLOWS:

Section 1. The City's Emergency Utility Assistance Program for customers who are facing temporary financial difficulty and cannot pay their utility bill is amended as set forth in Exhibit A, and as amended is hereby adopted.

Section 2. All prior policies, procedures, or resolutions related to the program are hereby amended to be in conformance to this resolution.

Section 4. This resolution is effective upon adoption.

ADOPTED by the City Council this 27nd day of April, 2020.

ATTEST:

City Recorder

Approved by City Attorney:

Checked by: A.Blalock

Emergency Utility Assistance Program
2020 COVID-19 Pandemic Program Changes

The Emergency Utility Assistance Program was approved by Council in 2004 to assist qualified City of Salem utility customers facing financial difficulties. Dependent on donations, program funding was depleted annually. In 2016, the Water/Wastewater Task Force recommended a match of up to \$10,000 per year with utility rate funds. Since 2017, available funding has met or exceeded demand and assisted qualifying customers with urgent financial needs. The program was readopted in 2019 with the following terms and qualification requirements:

1. Customers who are facing temporary financial difficulty and cannot pay their utility bill are referred to local nonprofit service agencies that qualify customers for the City of Salem Emergency Utility Assistance Program based on the following criteria:
 - Applicant must be the named customer on a single-family residential account;
 - Account must be past due or delinquent;
 - Applicant may not be a Salem Housing Authority client or receive housing assistance; and,
 - Applicant must meet the income guidelines for The Emergency Food Assistance Program (TEFAP) of the United States Department of Agriculture (USDA).
2. Emergency assistance is applied to the utility account in the amount of the delinquent bill or balance to a maximum of \$150 per rolling 12-month period.
3. If the delinquent bill / balance is less than \$150, the customer may reapply during the 12-month cycle until the \$150 maximum has been reached.
4. Assistance may only be applied to utility rates and charges and may not be applied to fees for violations such as meter tampering, meter obstruction, or meter bypass.

To meet increased demand during the economic challenges resulting from the 2020 COVID-19 pandemic, the following rule changes shall be effective immediately upon City Council approval:

1. Maximum per account is increased to \$500 from \$150 per account per rolling 12-month period.
2. Salem Housing Authority clients receiving Section 8 Rental Housing Assistance and those living in Salem Housing Authority units are pre-qualified recipients and eligible to receive emergency assistance.
3. City of Salem utility customers participating in the Utility Rate Relief Program are pre-qualified recipients and able to receive emergency assistance.
4. Customers who have been qualified to receive Emergency Utility Assistance since on or after July 1, 2019 are pre-qualified and able to receive emergency assistance.
5. Maximum utility rate contribution is increased to \$500,000.

These changes shall remain in place until July 31, 2020, funding is exhausted, or Council acts to continue or terminate these temporary program requirement changes.

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|---------------------------|
| Adopted: April 27, 2020 |
| Effective: April 27, 2020 |
| |
| Copy to: Alicia Blalock |

| Council Vote | Yes | No |
|-------------------|-----|----|
| Mayor Bennett | X | |
| Kaser (Ward 1) | X | |
| Andersen (Ward 2) | X | |
| Nanke (Ward 3) | X | |
| Leung (Ward 4) | X | |
| Ausec (Ward 5) | X | |
| Hoy (Ward 6) | X | |
| Nordyke (Ward 7) | X | |
| Lewis (Ward 8) | X | |

*A = Absent



CITY OF SALEM

555 Liberty St SE
Salem, OR 97301

Staff Report

File #: 20-154
Version: 1

Date: 4/27/2020
Item #: 4.c.

TO: Mayor and City Council
THROUGH: Steve Powers, City Manager
FROM: Peter Fernandez, PE, Public Works Director

SUBJECT:

Actions to Offer Immediate Financial Relief to City of Salem Utility Customers

Ward(s): All Wards
Councilor(s): All Councilors
Neighborhood(s): All Neighborhoods
Result Area(s): Strong and Diverse Economy; Welcoming and Livable Community

ISSUE:

Shall City Council adopt resolution 2020-22 approving actions to offer immediate financial relief to qualified City of Salem utility customers experiencing economic hardship during the 2020 COVID-19 pandemic?

RECOMMENDATION:

Adopt resolution 2020-22. The recommended actions offer immediate financial relief to qualified single-family residential and commercial customers upon request.

1. Increase total Utility Fund support to \$500,000 from \$10,000 for the Emergency Utility Assistance Program.
2. Pre-qualify applicants for increased emergency utility assistance:
 - a) Utility Rate Relief Program - 574 currently enrolled,
 - b) Emergency Utility Assistance Program - 222 approved on or after July 1, 2019,
 - c) Section 8 Housing - 2,952 Salem Housing Authority (SHA) clients, and
 - d) SHA Tenant - 218 individually metered.
3. Temporarily increase the maximum available Emergency Utility Assistance Program credit per residential account to \$500 from \$150 per rolling 12-month period beginning July 1, 2019.

4. Provide a grant of \$25,000 to Mid-Willamette Valley Community Action Agency to continue processing applications for the City's Utility Rate Relief Program and provide a grant of \$12,500 each to St. Vincent de Paul and the Salvation Army to assist with processing additional Emergency Utility Assistance Program requests.
5. Pursuant to SRC 20J.080, review emergency Administrative Rule 109-800-2(1.5)(h)(2) adopted by the City Manager on April 21, 2020, under his authority as described in SRC 20J.060. Administrative Rule 109-800-2(1.5)(h)(2) applies to businesses closed during the pandemic and allows for suspension of commercial accounts and waiver of the \$25 reactivation fee.

SUMMARY:

The recommendations increase the City's assistance to residents and businesses impacted by the COVID-19 pandemic without damaging the financial stability of the Utility Fund. City Council's prudent fiscal oversight has secured the financial stability of the Utility Fund. Small annual rate increases have maintained services, funded capital improvements, and built up adequate reserves. The reserves enabled the City to respond to cyanotoxins without the need for an emergency rate increase. Fiscal oversight and management have maintained the Utility's bond rating of Aa2 and allowed the successful \$60 million bond sale on March 19, 2020, during historically uncertain market conditions.

There are many unknowns regarding the duration and severity of economic conditions and hardships caused by the COVID-19 pandemic. Staff will be evaluating the impact on the Utility Fund. The evaluation will include maintaining the fiscal stability of the fund and aiding utility customers. The evaluation will be completed over the next one to three months.

FACTS AND FINDINGS:

The most efficient way for the Utility to aid customers is through existing programs and processes. Temporary changes are proposed to be effective immediately upon City Council approval and shall remain in place until July 31, 2020, funding is exhausted, or Council acts to continue or terminate these temporary changes.

Access to Water Service

The City of Salem suspended shut-off of utility accounts beginning March 13, 2020, and has restored services, upon request, to accounts that had been recently shut off before March 13, to ensure residents and businesses had access to water during the pandemic.

Emergency Utility Assistance Program

The Emergency Utility Assistance Program is available to help income-eligible recipients in financial crisis. The program is designed to provide short-term relief in the form of a credit to the utility

account of up to \$150 per rolling 12-month period. Applicants are qualified by the Salvation Army and St. Vincent de Paul using United States Department of Agriculture income guidelines for the Emergency Food Assistance Program. To qualify for assistance, applicants must have a delinquent single-family residential utility account.

Increase the maximum credit to \$500 per account during a 12-month period. This would allow an individual account to receive three to six months of support, depending on their usage. Customers would call for assistance each time a credit is requested, and credits would be granted incrementally over time up to the maximum.

Expand qualification requirements to include clients of the SHA who have been approved for Section 8 Rental Housing Assistance or reside in a unit owned by the Salem Housing Authority. SHA clients are pre-qualified for federal programs based on income. Although a utility allowance is provided to SHA clients, it does not cover the full cost of service. Additional assistance is needed and would benefit residents served by the Salem Housing Authority.

Assistance to Non-Profit Partners

St. Vincent de Paul and the Salvation Army currently administer the Emergency Utility Assistance Program. Any expansion of the program will place a burden on their staff and agencies during an already demanding time. The program provides additional assistance to families who are served by the agencies. The proposed grants of \$12,500 are for administrative support and are an acknowledgement of the impact on their agencies and to assist them financially during this emergency.

Mid-Willamette Valley Community Action Agency (MWVCAA) has been qualifying customers to the Utility Rate Relief Program, relieving the City of the responsibility to review and maintain confidential financial records. When the program was expanded this year, no additional administrative support was provided to MWVCAA. The proposed grant of \$25,000 is for administrative support and is an acknowledgement of the impact on the agency and their partnership in addressing other issues in our community during this emergency.

Temporary Suspension of Service

Per *Administrative Rule* Chapter 109, Division 800-2, 1.5(h), residential customers planning for an extended period of absence may request to have their utility billing suspended. During this suspended period, utility service is deactivated and charges for all services cease. The account is reactivated upon notification by the customer, or when water usage is detected during monthly meter reading. The customer account is subject to a reactivation fee of \$25 once service resumes.

Expand the Temporary Suspension of Service to Include Commercial Accounts. This *Administrative Rule* expansion allows commercial customers who have had to temporarily close their business due to the pandemic to suspend service during the closure. Once the business reopens, the utility account is reactivated upon notification by the customer or when water usage is detected.

Waive Reactivation Fee. Waiving the \$25 reactivation fee provides additional relief to commercial account holders impacted by the 2020 pandemic.

Restoration Process After Stay at Home Orders Area Lifted

None of the recommendations involve or anticipate debt forgiveness. Credits are provided to qualified customers based on need. All remaining amounts will be considered due and payable. When normal utility processes are restored, City Council will receive a report with recommendations that may include options such as no-interest payment plans for delinquent accounts.

Alicia Blalock
Administration Division Manager

Attachments:

1. Resolution 2020-22
2. Exhibit A - Emergency Utility Assistance Program
3. Emergency *Administrative Rule* 109-800-2-1.5(h) dated April 21, 2020

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CITY OF SALEM
EMERGENCY ADMINISTRATIVE RULE 109-800-2 (1.5)(h)

FROM: SALEM CITY MANAGER, Salem, Oregon

FINDINGS:

Pursuant to Salem Revised Code (SRC) 20J.060, I, Steve Powers, Salem City Manager, make the following findings:

On March 16, 2020, the Salem City Council declared an emergency relating to the COVID-19 Pandemic (the "Declaration"). The Declaration, authorized the City Manager, acting as the City's Emergency Program Manager, to issue certain orders, and take other necessary actions to protect public health and safety during this time.

On March 8, 2020 Oregon Governor Kate Brown declared a state of emergency related to COVID-19, and on March 13, 2020 the President of the United States declared a national state of emergency.

On March 23, 2020, Governor Brown issued Emergency Order 20-12 ("Stay Home, Save Lives Order") that required many businesses to close, mandated working from home for many employees, and other social distancing measures.

As a result, many businesses within the City of Salem have had to temporarily suspend operation. Notwithstanding the fact that operations have suspended, the businesses would continue accrue water, wastewater, stormwater utility, streetlight, and operating fees.

It would create an administrative hardship on the Utility if the suspended businesses close their accounts and then reopen them a few months later. Additionally, the closing and reopening of accounts could delay resumption of operation by the affected businesses.

Accrual of the aforementioned fees will represent a hardship to the businesses affected and a substantial barrier to re-opening businesses once the COVID-19 emergency is over.

Therefore, pursuant to SRC 20J.060, and consistent with the Declaration, and Emergency Order 20-12, the City Manager amends Administrative Rule 109-800-2 (1.5)(h) as follows:

(h) Temporary suspension of service.

(1) Residential customers planning for an extended period of absence may request of the City to have their utility billing suspended. Utility service will be deactivated and charges for all services will cease. The customer account will be subject to a reactivation fee once service resumes.

(2) Commercial accounts may request of the City to have their utility billing suspended if the business is experiencing an extended period of absence or temporary closure. To qualify for account suspension, the account must be in good standing and all water and wastewater usage must cease on or before the date of suspension. No charges or fees will be incurred during the period the account is suspended. The account will not be charged a reactivation fee upon account reinstatement. If measurable water use is detected while the account is suspended, the account shall be reactivated and the customer shall be responsible for all charges and fees beginning with that billing cycle.

- 1) **Duration/Term.** This emergency administrative rule is effective immediately and will remain in effect for a period of 180 days or until the City Council's Emergency Declaration or the Governor's Emergency Order 20-12 is lifted, whichever occurs last.



Steve Powers, City Manager

Date: April 21, 2020