

SUMMARY and FISCAL NOTE*

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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the City Light Department; amending Section 21.49.040 of the Seattle Municipal Code to remove an exception from eligibility to the Utility Discount Program for tenants of federally subsidized housing with utility allowances and to update and modify certain program provisions.

Summary and background of the Legislation: In early 2014 Mayor Murray assembled an Interdepartmental team involving Seattle City Light, Seattle Public Utilities and Human Services Department. The team was tasked with developing strategies for doubling enrollment in the Utility Discount Program (UDP) by the end of 2018. One strategy given careful consideration has been a long standing issue for the UDP. Customers in subsidized housing operated by Seattle Housing (SHA) or King County Housing (KCH) Authorities where utility allowances are provided are expressly ineligible to participate in the UDP under SMC 21.49.040.

As a result, many potential income-eligible participants have been denied the support of the UDP and often find themselves facing disconnection and seeking assistance through other programs such as Low Income Heating Assistance Program, Emergency Low Income Assistance Program, Project Share, etc. In fact they make up over 50% of those who are awarded help. This can be costly, stressful and over burdensome for a customer struggling with their utility bill.

The rationale for this long-standing exclusion appears to have been a concern that if the UDP is made available to tenants of these federally subsidized programs with utility allowances, the housing authorities themselves would benefit from the UDP participation instead of the low-income utility customers, i.e. the tenant's utility bill would go down with the discount, which would cause their rent to go up based on SHA's rent policies. The Interdepartmental team, in cooperation with SHA, reviewed current and relevant federal and SHA local policies and confirmed that tenants of SHA Programs would benefit from participation in the UDP and their participation would not cause an increase in the rent they would be required to pay to the SHA Program landlord.

Federally subsidized housing that provide utility allowances is the second largest reason why UDP applicants are denied participation in the UDP, yet many of the housing programs offered by either SHA or KCH have income guidelines that are even more stringent than those of the UDP.

Projections indicate that in 2016 approximately 10,300 SHA households would be eligible to receive the benefit of the current discount rates for City Light service. City Light revenues already account for a portion of these increased enrollments. This fiscal note identifies the

revenue impacts for the 8,700 increment of increased enrollments over what have been previously budgeted.

2. CAPITAL IMPROVEMENT PROGRAM

This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

This legislation has direct financial implications.

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2015	2016	2015	2016
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2015	2016	2015	2016
		-\$144,000		-\$2.4M
Positions affected:	No. of Positions		Total FTE Change	
	2015	2016	2015	2016
Other departments affected:				

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
Light Fund (41000)	City Light	Retail rate revenue		-\$2.4M
General Fund		Tax Revenue		-\$144,000
TOTAL				-\$2.4M

Revenue/Reimbursement Notes:

Until rates are adjusted, there is concern that the fiscal effect of increasing enrollments of UDP may result in possible risk of ability to meeting financial plan targets. The Utility will take steps to monitor and manage this risk in a manner consistent with current practices including continuing to implement efficiencies in operating and capital projects budgets.

3.c. Positions

_____ This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

The UDP is already factored into City Light's 2016 rates at an enrollment of approximately 17,500. City Light's operating budget has been adjusted to account for the increased enrollment. For 2016, with a larger than anticipated enrollment, we anticipate a revenue shortfall of \$2,400,000. For 2017, the effects of this legislation (i.e. more UDP participants) is not likely to result in an overall rate increase, but its impact on rates is an approximately 0.5% increase. Until rates are adjusted, there is concern that the fiscal effect of increasing enrollments of UDP may result in possible risk of ability to meeting financial plan targets. City Light will take steps to monitor and manage this risk in a manner consistent with current practices including continuing to implement efficiencies in operating and capital projects budgets.

b) Is there financial cost or other impacts of not implementing the legislation?

No.

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

HSD who will need to assist in the auditing of the auto enrollment. SPU will need to do legislation as well to allow for this opportunity with Seattle Housing Authority and King County Housing Authority to occur. This effort was worked through the inter-departmental team focused on strengthening the Utility Discount program and has been fully vetted with each impacted department.

d) Is a public hearing required for this legislation?

No.

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

No.

f) Does this legislation affect a piece of property?

No.

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

This effort will directly help vulnerable or historically disadvantaged low-income communities. Those who have faced barriers with participation can now be auto enrolled.

- h) If this legislation includes a new initiative or a major programmatic expansion:
What are the long-term and measurable goals of the program? Please describe how
this legislation would help achieve the program's desired goals.**

This effort will allow us to reach the target of enrolling 28,000 customers in the Utility Discount Program 18 months ahead of schedule.

- i) Other Issues:**

List attachments/exhibits below: