

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 Seattle Public Utilities' Emergency Assistance Program; temporarily extending increased assistance related to COVID-induced customer delinquencies; and amending Section 21.76.065 of the Seattle Municipal Code.

Summary and background of the Legislation: This ordinance would extend for one year legislation passed in April 2021 that temporarily amended Seattle Public Utilities' (SPU) Emergency Assistance Program (EAP). The legislation passed in April 2021 made it permissible for income-eligible households *without* children to also access two EAP credits in 2021. Prior to this legislation, only income-eligible households with children could access two EAP credits in a single calendar year. One EAP credit in 2021 is \$461; two credits provide \$922 in emergency assistance.

The April 2021 legislation applied only to program/calendar year 2021 and will expire on December 31, 2021. This ordinance would extend the benefits to December 31, 2022, enabling income-eligible households without children to access two EAP credits for an additional year.

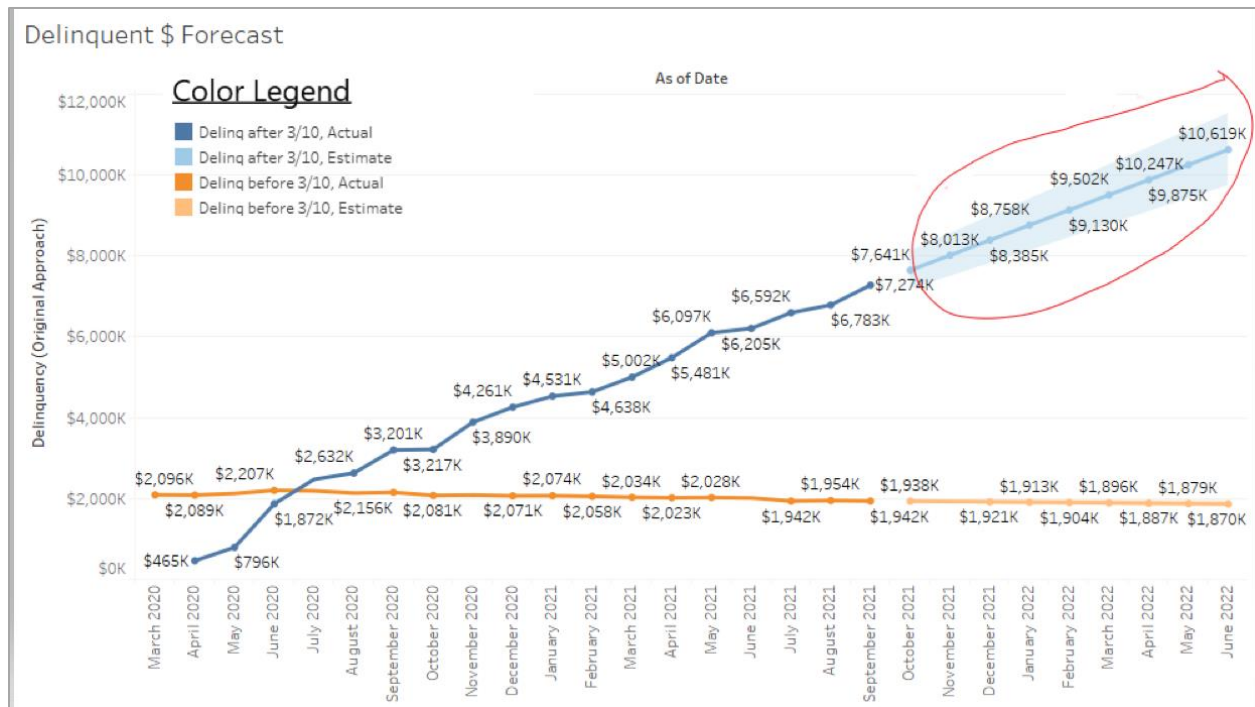
The dollar amount of one EAP credit increases each year on January 1 by the same percentage as the increase in SPU's combined utility bill. The exact dollar amount of one EAP credit will be in 2022 has not yet been determined. However, it will be greater than \$461 and has increased by an average of \$28 per year over the past three years. Assuming a \$28 increase from 2021 to 2022, an EAP credit in 2022 will be \$489, and two credits will amount to \$978.

Allowing all income-eligible households (including those with and without minor children in the household) to access two EAP credits in 2022 will help low-income customers get their COVID-induced arrears under control, will contribute to and speed up the pace of recovery from the impacts of COVID, and will help prevent shut-offs of low-income households when SPU resumes shut-offs in 2022. (The precise timing of resuming shut-offs is unknown now and will be dependent on multiple factors).

The graph below shows that residential delinquencies are projected to continue to grow through the end of 2021 and into 2022, particularly for those customers who became delinquent only after the COVID pandemic began. This graph shows the delinquent amount owed in the \$1000's dollars; so, for example the \$7,274k shown for the blue line in September 2021 equals \$7.3 million. The blue line shows customers that only became delinquent after COVID began (and so were possibly caused by the impacts of the pandemic). The orange line shows customers who were already delinquent before COVID began. The combined delinquencies of these two sets of customers sum up to the total delinquent amount owed by residential customers. This is

projected to reach \$12.5M (\$10.6M on the blue + \$1.9M on the orange) by June 2022, up from \$9.2M at the end of September 2021 (\$7.3M on the blue + \$1.9M on the orange).

SPU Residential Delinquencies, Actual and Future Projections



Use of SPU's Emergency Assistance Program steeply increased in 2020 and 2021 and is expected continue into 2022 as delinquencies grow.

Emergency Assistance Program Utilization, 2019- 2021

EAP Utilization	2019	2020	2021 (YTD)
Number of households served	634	1665	1512
Total assistance	\$244,000	\$932,000	\$1,131,000

The financial impact of this ordinance is difficult to estimate because there are no current data on the composition of households accessing the program and whether they have children. The last time these data were collected was in 2020 and approximately 64% of the households that accessed EAP that year did not have children in the household. If this percentage remained constant across years, a 47% increase in the number of EAP credits issued and associated program costs could be expected from this ordinance. However, given significant migratory and demographic changes resulting from the COVID pandemic, it cannot be assumed that the percentage will be the same in 2022 as in 2020.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes ___X___ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes ___X___ No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
No.

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

Not implementing this legislation would negatively impact SPU's ability to reduce the number of delinquencies and water shut-offs among low-income customers in 2022.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No

b. Is a public hearing required for this legislation?

No

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

No

d. Does this legislation affect a piece of property?

No

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

This legislation would increase assistance from the Emergency Assistance Program to lower-income households for program/calendar year 2022. People of color, people with disabilities, and historically disadvantaged communities are disproportionately represented in lower-income households, so expanding this program will disproportionately assist these communities.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

No.

2. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

No.

- g. **If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

This legislation would temporarily increase assistance to certain eligible households through the Emergency Assistance Program operated by Seattle Public Utilities. The goal is to reduce the number of low-income households experiencing account delinquency due to arrears accrued during the COVID emergency and resulting shut-offs, when shut-offs are resume in mid-2022.

List attachments/exhibits below: