



CITY COUNCIL AGENDA REPORT

Subject: UTILITY RELIEF GRANT ELIGIBILITY CRITERIA

Recommendation(s)

1. That the City of St. Albert implement a Utility Relief Grant program, on a one year trial basis, effective October 2015, with a capped allocation from the Stabilization Reserve of \$200,000.
2. That the City Manager be authorized to enter into a one year agreement with the Community Village for the purposes of administration of the program.
3. That Administration report to Council on the outcome and analytics of the Utility Relief Grant within 3 months of the completion of the one year trial program.

Purpose of Report

To supplement the proposal presented to Council on March 16, 2015 to address specific questions raised and revise the proposal accordingly.

Council Direction

On December 1, 2014 Council passed the following resolution:

(C547-2014)

That a one-time withdrawal of \$200,000 be made available in 2015 from the Stabilization Reserve to support the creation of a Utility Relief Grant aimed at providing financial support to individuals with fixed or low-incomes in paying their City of St. Albert Utility Bills; and that Administration bring forward to Council recommendations on options for the administration and eligibility criteria for the Utility Grant by Q1 2015.

On March 16, 2015, the following motion was moved and subsequently postponed by Motion C141-2015:

(C140-2015)

That the City of St. Albert implement a Utility Relief Grant program, on a one year trial basis, effective October 2015, with a capped allocation from the Stabilization Reserve of \$200,000;

That the City Manager be authorized to enter into a one year agreement with the Community Village for the purposes of administration of the program; and

That Administration report to Council on the outcome and analytics of the Utility Relief Grant within 3 months of the completion of the one year trial program.

On March 16, 2015 Council passed the following resolution:

(C141-2015)

That Motion C140-2015 be postponed and come back prior to April 30, 2015

Background and Discussion

Administration presented a proposal for Council consideration for the implementation of a Utility Relief Grant aimed at providing financial support to low income individuals and families to help offset the 2015 increase in utility rates due to the addition of the Supplemental Capital Contribution (SCC) fee.

Council requested administration to come back with more information and an amended proposal, if appropriate.

The specific areas requiring further information or clarification were as follows:

1. The impact of the proposed grant for residents receiving various types of income support.
2. Whether or not the grant would be required to be reported on a CRA T-5007 slip for income tax purposes.
3. Information around how the Supplemental Capital Contribution (SCC) fee is applied on multi-family complexes. This investigation will inform the decision as to if a tiered grant based on housing type and/or ownership status is appropriate.
4. Confirmation and interpretation on low income statistics for St. Albert as presented in the "Housing Diversity" report for purposes of estimating potential eligible households.
5. Information and statistics on the City recreational subsidy program in terms of staff effort compared to number of applications processed.
6. Consideration of 1 or 2 focused intake time periods during the trial versus an open application process.

1. Income Support

For residents receiving various types of income support from government, questions were raised as to if the proposed utility grant would be deemed income and therefore be deducted directly from the income support benefit provided to the resident.

For homeowners who have a utility account with the City, the grant would be issued through a credit directly on the utility account. This is not an “income” issue within the various support programs.

The potential arises for renters and condo owners where the grant is proposed to be issued by cheque/EFT. Through connections with provincial programs, both Community Village and Administration have researched this issue and determined that this payment would not be deemed income for AISH, Seniors Benefit, Widows Allowance, Alberta Works (welfare) or CPP Disability recipients.

2. Income Tax

Based on interpretation of the Canada Revenue Agency “T-5007 Guide – Return of Benefits” by Administration, it has been determined that the Utility grant, paid directly to an individual, is not required to be reported on the T5007 as a social assistance payment. Given that the grant will be issued as a one-time payment and that the amount of the grant will be under \$500, the interpretation is based on the following statements from the guide:

Do not report a payment:

- That is made in a year as part of a series of payments totaling \$500 or less in the tax year;
- That is not part of a series of payments.

3. SCC Fee on Multi-Family Complexes (Rent & Own)

As was communicated in IR243.2015, in most multi-family complexes the utilities are included in either their rental payments or condo association fees. The impact of the SCC on individual units is much smaller than in a single family home. Water SCC (\$11.63/mos) and wastewater SCC (\$3.59/mos) is only charged based the number of water meters. In general, there is only one water meter per building so the “per unit” impact of this fee is minimal. Stormwater SCC (\$5.09) is charged to the building owner on a per unit basis and most complexes do not use City Solid Waste services.

The conclusion from this is that the impact of the new SCC fee is much lower for an owner/renter in a multi-family complex verses and single family home and therefore a separate grant amount for each housing type is likely warranted.

For purposes of the grant, an assumption is being made that at least 50% of the qualifying households would reside in multi-family complexes. With an increased estimate of eligible households, discussed in point 4 below, this would allow for a grant amount of \$50 for residents in multi-family dwellings and \$150 for residents in single family homes.

4. Low Income Statistics & Eligibility Estimate

The Housing Diversity Work Program report presented to Council on March 16, 2015 indicates there are 4,340 households with housing affordability challenges who are spending more than 30% of their income on housing. Of these, 2,140 are spending more than 50% of their income on housing. For purposes of this grant program, the 2011 Tax filer data was analyzed and compared to both the CNIT (Core Needs Income Threshold) and the LICO (Low Income Cut-off) measures. Originally the proposal indicated that the CNIT should be used as the income measure for the program however further analysis of the data indicates that there would be approximately 4,000 eligible households under this model. Considering the cost of administrative time to process this many grants, there would be limited funds remaining to disburse making the average grant only \$30-40.

A more conservative approach would be to switch the income criteria to the LICO. Under this measure it is estimated that a total of 2,200 households would potentially be eligible. In line with the Housing Diversity stats presented in the report, this would capture the population with the greatest need who are spending more than 50% of their income on housing. It must be recognized that not all eligible households will complete the application process for the grant so the revised proposal will be based on 1,500 applications.

5. Recreation Subsidy Coordinator Statistics

The City Subsidy Coordinator is approximately a 0.40FTE position. 95% of this time is spent administering the recreation subsidy program. In 2013, 114 low-income subsidy applications were approved along with 124 AISH recipients that received recreation facility memberships benefitting a total of 416 residents. The difference between the amount of applications processed and approved is very small as most applications come through referrals from other agencies that are already aware of the eligibility criteria. Applications are processed through a face to face meeting with the family/individual to discuss options, preferences and/or further referrals leading to a much longer processing time than is anticipated for the utility grant.

6. Consideration of Focused Intake Times

Community Village is supportive of the concept of doing 2 focused intake time during the trial year of the program. The recommendation is to do an initial intake in October/November 2015 and a second one in April/May 2016. This approach

should allow for more economies of scale so the initial administrative cost estimates will be left at \$25,000 even with the increased estimate on applications. After the first intake is complete, it will allow some time to incorporate identified issues into future processes and will give an indication of uptake on the program.

Summary

Below is a summary of the changes recommended to the initial proposal.

- Estimated eligible households increased from 1,000 to 1,500;
- Change the income criteria measure from the CNIT to the LICO;
- Original proposal indicated 1 grant per calendar year, changed to 1 grant during the term of the 1 year trial;
- Grant amount changed from \$150 flat amount to \$150 for single family residences and \$50 for multi-family complexes;
- Restrict the acceptance of applications for the grant to 2 focused intake times during the trial period.

Should Council support the recommendations, an implementation and communication plan would be developed with a target launch of October 2015.

Stakeholder Communications or Engagement

- Administration has continued to connect internally with both the recreation subsidy coordinator as well as the planning department in relation to the information presented in the Housing Diversity report.
- Administration has continued to work closely with the Community Village in terms of connecting with various government bodies providing income support programs to gain clarification of the impact of the proposed grant.

Implications of Recommendation(s)

- Financial:
 - If the program is not capped at \$200,000, financial risk becomes inherent based on the estimates used in the calculations. Current costing estimates are based on 1,500 eligible households
 - If the program were capped at \$200,000, the financial risk would be eliminated however this would require the program to be offered on a first come first serve basis, which may eliminate support for some households that qualify based on the criteria.
 - Some dollars, yet unknown, will be required from the communications and graphic design department related to website and other advertising and potentially brochures. Further refinement of the program will inform these decisions and the recommended \$25,000 contingency should be used for these costs.

- Legal / Risk:
 - None at this time.
- Program or Service:
 - None at this time.
- Organizational:
 - Administration currently purports that the internal support required in Accounts Payable and Utilities can be absorbed within the current staffing. This will need to be monitored through out the program and may require adjustment at a later date.

Alternatives and Implications Considered

If Council does not wish to support the recommendation, the following alternatives could be considered:

- a) Alternative 1 – Direct Administration to implement the option of the grant program to be solely run by the city as considered in the original report but adjusted for the increased estimate of eligible households
- b) Alternative 2 – Do not implement the Utility Relief Grant

Strategic Connections

- a) Council's Strategic Outcomes and Priorities (See Policy C-CG-02)
 - CULTIVATE EXCELLENCE IN GOVERNMENT: A responsive, accountable government that delivers value to the community.
- b) Long Term Plans (e.g. MDP, Social Master Plan, Cultural Master Plan, etc.)
 - N/A
- c) Corporate Objectives (See Corporate Business Plan)
 - Deliver programs and services that meet or exceed our standards
 - Exercise strong fiscal management
 - Ensure our customers are very satisfied
- d) Council Policies
 - C-FS-01 Financial Reserves
- e) Other Plans or Initiatives (Business Plans, Implementation Strategies, etc.)
 - N/A

Attachment(s)

1. Utility Relief Grant – March 2015, Analysis and Recommendations (previously distributed)

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|----------------------------|--|
| Originating Department(s): | <i>Financial Services</i> |
| Author(s): | <i>Diane McMordie, Director of Finance and Utilities</i> |
| General Manager Approval: | <i>Mike Dion, GM & CFO</i> |

| | |
|-------------------------|-------|
| City Manager Signature: | Date: |
|-------------------------|-------|

Previously Distributed

Utility Relief Grant – March 2015

Introduction

On September 22, 2014, Council approved the new Utility Fiscal Policy. The major positive impact of this policy decision was that the City's utility program will operate within a fully self sustainable model. However, with an estimated ten year capital infrastructure deficit of \$60.7 million, a new Supplemental Capital Contribution fee of \$23.81 will be added each month to customer accounts effective January 1, 2015. This fee will continue to rise slightly each year as Municipal Sustainability Initiative (MSI) grants, which are currently subsidizing the utility program, are phased out over the next 5 years. Concern has been raised as to the significant financial impact this will have on our low-income residents.

Background

At the October 14, 2014 Standing Committee on Finance meeting, Councillor Osborne brought forward the following motion which was passed by the Committee:

"That Standing Committee on Finance recommend to Council that a one-time withdrawal of \$200,000 be made available in 2015 from the Stabilization Reserve to support the creation of a Utility Relief Grant aimed at providing financial support to individuals with fixed or low-incomes in paying their City of St. Albert Utility Bills; and that Administration bring forward to Council recommendations on options for the administration and eligibility criteria for the Utility Grant by Q1 2015".

Further to this, Council approved the recommendation from Standing Committee on Finance on December 1, 2014.

Scope of Report & Guiding Principles

The intent of this report is to provide Council with Administrations recommended course of action for the creation of a Utility Relief Grant program. The report includes information on the various options considered including costs, risks, and other factors.

Should Administrations recommendations be supported by Council, or an alternate course of action is approved, Administration will require time for the development of a detailed implementation plan.

Evaluation of alternatives was based around the following guiding principles:

- Eligibility will be based solely on "household" combined income and will not be restricted by age or home ownership status (ie. Own vs. Rent)

- Eligibility for this program is independent. Participation in any other subsidy or income support program provided by the City or any other external agency or government body will not preclude approval under this program.
- Costs for administration of the program will be kept as low as possible to ensure that the dollars actually reaching qualifying residents is maximized.
- As a strategy to limit administration costs, the eligibility criteria should be very clear and undisputable to eliminate or mitigate the costs associated with a formal appeal process.
- Proper and adequate reporting is available for the ongoing evaluation of the success of the program.

Program Risks

One of the biggest risks facing the program in general, regardless of which administration or eligibility criteria is approved, is the estimation of the ultimate number of households that would both qualify and follow through on the application processes implemented. We are restricted by a fixed dollar amount to work within along side an unknown number of eligible households. For purposes of this proposal, a conservative approach has been taken when estimating the number of households that will benefit from the program.

To respond to this risk Council will have to decide, at least for the trial phase, whether this program is going to be capped at \$200,000, meaning application approval will be on a first come first serve basis, or if there is willingness to accept the risk involved with the estimated number of households. Under the second option, Council would need to make future dollars available to fund any shortfalls that arise.

A secondary risk revolves around workload estimates for administering the program.

Household Eligibility Estimate

There is no one statistical piece of data that can be found at the provincial or federal level that can accurately determine the number of households in St. Albert that would be deemed low-income based on either the Low-Income Cut-off (LICO) or the Core Needs Income Threshold (CNIT).

While useful for establishing eligibility criteria, we are not able to use these measures for purposes of estimating the number of eligible households as there is no data to indicate how many households in St. Albert fall into each of the categories.

Information regarding the most current published levels for these indicators are presented below:

| Size of Family Unit | 2011 LICO (Before Tax) |
|---------------------|---------------------------|
| 1 person | 19,941 |
| 2 persons | 24,824 |
| 3 persons | 30,517 |
| 4 persons | 37,053 |
| 5 persons | 42,025 |
| 6 persons | 47,398 |
| 7 or more persons | 52,770 |

Community Size 30,000 to 99,000
<http://www.statcan.gc.ca/pub/75f0002m/2012002/tbl/tbl02-eng.htm>

| Required housing based on Family Unit Size | 2014 CNIT (Before Tax) |
|---|---------------------------|
| Bachelor | 33,000 |
| 1 Bdrm | 38,000 |
| 2 Bdrm | 48,000 |
| 3 Bdrm | 59,000 |
| 4 Bdrm | 64,000 |
| 5+ Bdrm | 67,000 |

Specific to St. Albert
<http://www.seniors.alberta.ca/housing/>

For purposes of this proposal the “prevalence of [after-tax] low-income” measure found within the National Household Survey 2011 (St. Albert specific) shows a prevalence of 5.2%. Using this measure as a reasonable proxy and applying this to our current 24,155 residences in St. Albert produces an estimated eligibility of 1,256 households. Recognizing that not all eligible households will ultimately follow through with a complete application, the proposals within this report will be based on grant approval for 1,000 households.

Options for Administration of Program

Based on the guiding principles established above, two options were identified for further analysis and evaluation.

1. Partnership with the Community Village for purposes of administering the application, assessment and approval process for the Utility Relief Grant with the City of St. Albert managing the issuance of the approved grants.
2. Complete in-house administration of the program through our City Subsidy Coordinator reporting through the Community and Protective Services division.

Under both options, the intent would be for residents to have the option of applying by mail or in person. Online applications are not being considered at this time.

Option #1 Community Village Partnership

The Community Village in St. Albert is a Not-For-Profit Society providing free services to the St. Albert community and surrounding area. Their goal is to assist disadvantaged residents to reach or return to a state of independence, personal safety and improved quality of life and empowerment. The City of St. Albert has a longstanding relationship

with this agency and provides an annual operating grant to the Community Village/Food Bank to support community services.

Within the basket of services provided by this organization, they administer the RAP (Rental Assistance Program) which provides temporary grants for low-income renters or those experiencing temporary financial hardship. While not the same, the overall objectives of the RAP program are very much in line with the objectives of the proposed Utility Relief Grant program.

A portion of the households that will ultimately be eligible for the Utility Relief Grant are likely known to and/or receiving various services from the Community Village. This has the advantage of creating some synergies and efficiencies for this new program.

Criteria

Under this arrangement, Administration/Community Village would recommend that eligibility criteria be established based on the appropriate parameters currently in place for the RAP program. From a financial perspective, the RAP program uses the CNIT as the basis for eligibility however the number of bedrooms has been converted to a “family size”. The income criteria would look like the table below:

| Required housing based on Family Unit Size | 2014 CNIT (Before Tax) |
|--|---------------------------|
| Individual with no dependants | 33,000 |
| Couple with no dependants | 38,000 |
| Couple/Individual with 1 dependant | 48,000 |
| Couple/Individual with 2 dependants | 59,000 |
| Couple/Individual with 3 dependants | 64,000 |
| Couple/Individual with 4 dependants | 67,000 |

Specific to St. Albert

<http://www.seniors.alberta.ca/housing/>

Other recommended criteria include:

- Household's total annual income is below the CNIT above.
- Lived in St. Albert for a minimum of 6 months with a fixed address and if a renter, must be the leaseholder.
- All members of the household must be a Canadian citizen, landed immigrant, or refugee.
- All required income and residence documentation must be provided prior to consideration of the application.
- Only one grant per calendar year per applicant/address.

St. Albert policy requires all utility accounts to be in the name of the property owner and not the tenant in a rental property. In order to also capture the needs of the low-income rental community the grant would be issued in the following manner:

- Qualifying homeowners – credit would be applied directly to utility account.
- Qualifying renters – payment would be made directly to the applicant via EFT (Electronic Funds Transfer) or cheque.

Administrative Costs and Efforts

The required financial support for administrative efforts for this program are an estimate at this time and is what is being recommended for the first year of the program. A one year evaluation will provide more insight related to the actual number of eligible households that take advantage of the program as well as the time required for processing applications, weekly/biweekly reporting to the City on approved applications, and database management.

Administrative efforts will be required for both the Community Village for processing grant applications and the City of St. Albert for managing the financial aspect of the program. A financial impact is provided below:

| Organization | Activity Description | Expense category | Calculation Base @ \$24/hr for 1,000 applications | Amount |
|--------------------|---|--|---|--|
| Community Village | Process Applications weekly/biweekly reporting database management office management supplies | Salaries & Benefits Salaries & Benefits Salaries & Benefits Salaries & Benefits Supplies | 30 minutes/application 10 minutes/application 10 minutes/application 5 minutes/application | 12,000 4,000 4,000 2,000 3,000 25,000 |
| City of St. Albert | Entry of credits onto utility accounts Processing of EFT's Cheques | within current staffing within current staffing | | - - - |

Grant Amount

Under this option, it is recommended that the annual grant amount be set at \$150. With an initial estimate of 1,000 qualified households and an estimated administrative cost of \$25,000 this would bring the total costs for the first year to \$175,000. It is recommended that the remaining \$25,000 be held as a contingency to help mitigate any discrepancies realized in the volume assumptions as well as to cover currently unidentified costs such as communications and design work.

Potential advantages to a partnership arrangement with Community Village include:

- Program can be offered year round. With currently established operation, Community Village is able to more easily handle ebbs and flows in the workload.
- Currently runs a very similar program (Rental Assistance Program).
- Has forms and processes that could easily be modified to work with this program.
- Potentially identifies low-income individuals that may benefit from some of the other programs and services offered by the Community Village.
- Has current policies and procedures in place to deal with FOIP/Confidentiality.
- Keeps the City out of the business of possessing income information about our residents.
- Community Village has training and expertise with this target population.

Potential disadvantages to a partnership arrangement with Community Village include:

- Higher level of coordination will be required between Community Village and the City of St. Albert

Option #2 City of St. Albert Administered Program

The Utility Relief Grant could be administered solely by the City of St. Albert. Community and Protective Services currently has a part-time City Subsidy Coordinator who manages a recreation subsidy for low-income families and individuals. As it would be difficult to manage the potential ebbs and flows of the applications under this proposed program, under this option it is recommended that intake for applications be restricted to a 10-12 week period twice a year. This would allow for this employee to schedule additional hours in larger blocks of time to manage the applications. Dependant on the actual applications to be processed this additional time may be too much for this employee to handle. Consideration may have to be given to the creation of a separate position at approximately a 0.50 FTE level.

Criteria

To minimize the confusion and provide consistency with the recreation subsidy, it is recommended that the income criteria be set at the same level. The current income criteria looks at an average between the Before-Tax LICO, CNIT, and the Alberta Health Benefits Threshold. The current criteria being used is presented below however there are plans for updates to the most current statistics.

| Family Unit Size | Before-Tax Income |
|-----------------------------|-------------------|
| Single | 20,337 |
| Single Parent w/ 1 child | 25,319 |
| Single Parent w/ 2 children | 31,126 |
| Single Parent w/ 3 children | 37,791 |
| Single Parent w/ 4 children | 42,862 |
| Couple with no children | 25,319 |
| Couple w/ 1 child | 31,126 |
| Couple w/ 2 children | 37,791 |
| Couple w/ 3 children | 42,862 |
| Couple w/ 4 children | 48,341 |
| Family of 7 or more | 53,821 |

Other recommended criteria include:

- Household's total annual income is below the income levels above.
- Lived in St. Albert for a minimum of 6 months with a fixed address and if a renter, must be the leaseholder.
- All members of the household must be a Canadian citizen, landed immigrant, or refugee.
- All required income and residence documentation must be provided prior to consideration of the application.
- Only one grant per calendar year per applicant/address.

Administrative Costs and Efforts

The required financial support for administrative efforts are very similar to that under option #1. They are still estimates at this time and as with option 1, will need to be monitored during the first year of the program. A one year evaluation will provide more insight related to the actual number of eligible households that take advantage of the program as well as the time required for processing applications, weekly/biweekly reporting to other City Departments on approved applications, and database management.

Administrative efforts will be required for within multiple City departments for processing grant applications and managing the financial aspect of the program. A financial impact is provided below:

| Organization | Activity Description | Expense category | Calculation Base | Amount |
|---|---|--|------------------|-------------|
| City of St. Albert - City Subsidy Coordinator | Process Applications weekly/biweekly reporting database management office management supplies | Salaries & Benefits | 0.50 FTE | 25,000 |
| | | | | 3,000 |
| | | | | 28,000 |
| | | | | |
| City of St. Albert (Accounts Payable & Utilities) | Entry of credits onto utility accounts Processing of EFT's Cheques | within current staffing within current staffing | | - - - |
| | | | | |

Grant Amount

Administration would recommend the same grant amount be offered under this option as well. With an estimated 1,000 eligible households it would still leave \$22,000 as a contingency.

Potential advantages to a administering the entire program at City of St. Albert

- Less coordination required as all the involved staff are in the same location.

Potential disadvantages to a administering the entire program at City of St. Albert

- Difficult to manage workload as timing around applications received is volatile.
- The staff member who would take on this role is still required to manage other duties during this time.
- There would be no regular back-up to help manage program as it would reside solely on one person.
- The City would have to develop processes around collection, storage, and destruction of resident income information.
- Greater lead time to implementation as all the forms, procedures and systems would need to be developed.

Next Steps

Should Council decide to pursue either of the above two options, Administration will undertake further discussions surrounding:

- Application forms (branding/content).
- Initial and ongoing public communication about the grant availability likely including website, brochures, newspapers, etcetera.
- Processes and timelines established around transfer of information to the appropriate City department for processing approved applications.

- Decisions on performance metrics for the program. Determine what data elements we need to collect in order to assess the success of the program and to monitor utilization.

Recommendation

Should Council be supportive of implementing a grant program, Administration is recommending a partnership with the Community Village.

As the financial implications of both options presented are fairly comparable, Administrations recommendation is based on other intrinsic factors such as:

1. The target population for this grant is nicely aligned with the expertise and other programs already in place at the Community Village.
2. The Community Village already runs another successful subsidy program that is similar in nature (Rental Assistance Program).
3. Income support type programs would not normally reside within a municipal government and is much better suited to a community agency.