

**Administrative Backgrounder
Utility Relief Grant**

On September 23, 2014 Councillor Osborne provided notice in accordance with Section 23 of Procedure Bylaw 35/2009 that he intended to bring forward the following motion at the October 14 meeting of Standing Committee on Finance:

In order for Standing Committee on Finance to debate the motion, the motion must be formally moved.

(Councillor Osborne)

"That Standing Committee on Finance recommend to Council that \$200,000 be made available 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."

BACKGROUND:

On September 22, 2014, Council approved C-FS-14 Utility Fiscal Policy which introduced a new ten year rate model. Along with annual adjustments to base utility rates, the new policy and rate model will see a Supplemental Capital Contribution (SCC) introduced on January 1, 2015 which is intended to fund our 10 year capital deficit. The estimated financial impact related to the SCC is approximately \$280 annually per household (estimated to increase to approximately \$320 annually by 2020 due to the phase out of MSI).

Administrations interpretation of the upcoming motion is as follows:

1. The subsidy is an ongoing annual program and as such the \$200,000 proposed funding is permanent in nature.
2. The intended recipient group is to include all "low-income" residents of St. Albert regardless of age or property ownership status.
3. The \$200,000 proposed funding may or may not be inclusive of any identified costs related to operating costs and/or administrative effort.
4. By Q1 2015, Administration is to bring back a report including recommendations on various options that may be identified during the investigation stage.

There are likely multiple options as to how a Utility grant from the City of St. Albert could be structured. This would require an assessment of the following key areas:

1. Eligibility Criteria
2. Communications
3. Application Forms & Processes
4. Application of approved grants (check or applied to utility bills)
5. Appeal process
6. Operational impacts and costs

Funding

The identified source of funding in the motion is the “Stabilization Reserve”. Under current Council Policy C-FS-01 (Schedule O1) the Stabilization reserve is to be used for non-recurring, emergent or one-time expenditures only and as such, an ongoing utility subsidy would not qualify. Another source of funding would need to be identified by Council or Administration could be asked to provide recommendations within the requested report.

Existing Program

The City of St. Albert currently administers the Property Tax Subsidy program, guided by Council Policy C-FS-10 Senior Homeowners Property Tax Assistance Grant. Under this grant program, the province provides us with a list of St. Albert residents who currently receive the Alberta Seniors Benefit supplement. Under this arrangement, the City does not receive nor have access to any specific income or other information on the residents. From this list we are able to apply the \$100 credit directly to the property owner’s tax bill without need for an application or appeal process. There are currently 565 households qualified under this program.

This program only reaches low-income seniors who own their own home. By using the listing from this program we would not be able to reach low-income residents under 65, nor any renters of any age

Estimated Eligibility

In order to provide an order of magnitude estimate on potential qualifying households, the Statistics Canada National Household Survey 2011 was referenced. Within this report there is a measure called the “prevalence of [after-tax] low-income” which for St. Albert is quoted at 5.2%. Based on estimated number of households of ~23,000 this would equate to ~1,196 potentially qualifying households.

(<http://www12.statcan.gc.ca/nhs-enm/2011/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=4811062&Data=Count&SearchText=St.%20Albert&SearchType=Begins&SearchPR=01&A1=All&B1=All&Custom=&TABID=1>)

Rental Properties

Reaching the rental population will be the biggest challenge in this program. The City establishes all utility accounts in the name of the property owner and not the tenant. The tenant would bear the costs of utilities either through a direct reimbursement to the property owner or it would be included in the rental charge. If any approved subsidy, based on the income of the tenant, was applied to the utility account there is no guarantee that the saving would be passed to the tenant. A cash payment to the tenant would be a way to ensure the tenant benefitted, however this poses risks that would need to be assessed.

Approach

Administration will identify and investigate possible approaches to implementing a subsidy program. The 2 major streams that will likely be considered are:

1. Investigate if there is another government department that could provide an appropriate list of qualified households.
2. Develop an in-house administered program. FTE and other operating costs impacts will be inherent under this model and details of the implication will be provided within the report.

Report Date	October 1, 2014
Committee/Department	Financial Services
General Manager Review	Mike Dion