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Department of Utilities
Business Services Division

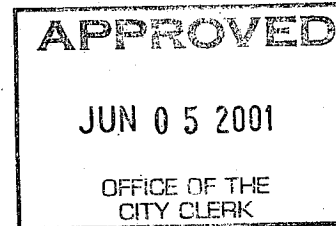
CITY OF SACRAMENTO
CALIFORNIA

1395 35th Avenue
Sacramento, CA 95822-2911
phone (916) 264-1400
fax (916) 264-1497/1498

May 21, 2001

City Council
Sacramento, California

Honorable Members in Session:



SUBJECT: RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A PILOT CUSTOMER ASSISTANCE PROGRAM AND APPROVAL OF AN AGREEMENT WITH THE SALVATION ARMY TO ADMINISTER THE PROGRAM.

LOCATION AND DISTRICT: Citywide

RECOMMENDATION

This report recommends that the City Council approve the attached resolution to establish a pilot project to evaluate the effectiveness of a Customer Assistance Program that provides aid to eligible customers who cannot pay their City utility bills and to approve the attached agreement with the Salvation Army to administer this program.

CONTACT PERSON: Michelle Basurto, Sr. Administrative Services Officer, 264-1462
Charlene Hiura, Administrative Analyst, Utilities, 264-2683

FOR COUNCIL MEETING OF: June 5, 2001

SUMMARY

The City of Sacramento recognizes that it provides utility services to certain customers who are elderly and are on limited incomes, are disabled or otherwise unable to work and may have difficulty paying their City utility bills. The Department of Utilities has developed a program, in association with the Salvation Army, to assist these customers. The program is similar to SMUD's PLEDGE Program relying on tax-deductible donations to help those in need.

COMMITTEE/COMMISSION ACTION:

None.



CITY OF SACRAMENTO
DEPARTMENT
OF UTILITIES

Making a Difference in Your Neighborhood

City Council
 Authorization of a Pilot Customer Assistance Program
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BACKGROUND INFORMATION

As part of a report back to City Council in February 2000, staff received conceptual approval to develop a program to provide assistance to eligible customers who are unable to pay their City utility bill due to circumstances beyond their control. A survey was conducted of other utility companies, which have implemented customer assistance programs. Seven of the eleven identified programs are listed below. (Four programs offer lifeline or a discounted rate and are not included due to the restrictions of Proposition 218.)

AGENCY	PROGRAM	PROGRAM DESCRIPTION
SMUD	PLEDGE	An envelope is inserted with the utility bill once a year to use for donations mailed directly to the Salvation Army.
PG&E City of Arlington City of Topeka	REACH Care & Share Program Water Roundup	A flyer is inserted with the utility bill once or twice a year. Customers may return the flyer indicating their monthly or one-time donation. The monthly donation is printed as part of their utility bill until notified by the customer to discontinue.
City of Burbank Salt Lake City	NOEL Project Water Assist	A message is printed on the utility bill with dollar indicated boxes. Customers check a box indicating their monthly donation. The monthly donation is printed on their utility bill until notified by the customer to discontinue.
City of Glendale	From the Heart	The utility bill is preprinted with a \$1.00 donation. The customer has the option to pay the "amount due" or an amount due that includes the \$1.00 donation.

All of the agencies use a third-party to administer their program and identify who is to receive financial assistance. One agency allows the assistance to be used for any emergency and the other six agencies require that the assistance be directly applied to the customer's utility bill.

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It is recommended the City follow a format similar to SMUD's PLEDGE Program due to the minimal cost of implementation.

City's Customer Assistance Program

The City's proposed Customer Assistance Program will be made possible through the voluntary contributions of City utility customers. An agreement with the Salvation Army to administer the program is attached as Exhibit A.

The Customer Assistance Program will be introduced to our customers in August through an informational insert with the utility bill. The insert will explain how a tax-deductible donation can be made to help those in need of assistance. In October, an envelope, pre-addressed to the Salvation Army for use by customers who wish to contribute to the Customer Assistance Program, will be included with the utility billing statement.

Customers interested in applying for assistance will contact the Salvation Army for an assistance application. The Salvation Army will review and approve the applications based on the City's criteria. After the applications are processed, the Salvation Army will send the City a check to apply to the applicant's utility bill. To qualify for customer assistance, the applicant must meet all of the following criteria:

- A. Applicant must be owner of record.
- B. Account must be for a single-family dwelling.
- C. Applicant cannot own any other property in the City of Sacramento.
- D. Total gross household income must be \$15,000 or less. (Based on 2001 Federal Poverty Level)
- E. Applicant must be 62 years or older or 100% "totally and permanently disabled from employment".

FINANCIAL CONSIDERATIONS

The costs associated with this pilot Customer Assistance Program are summarized below:

Information Sheet	\$1,100
Envelopes w/return flap	\$4,944
Salvation Army Administration Fee	15% of the total amount of contributions

ENVIRONMENTAL DETERMINATION

Not Applicable

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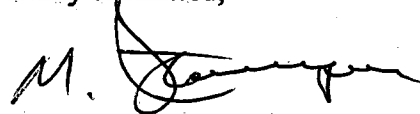
POLICY CONSIDERATION

The City Council requested staff to explore options that would offer choices to residential utility customers. This program would allow customers the ability to make a tax-deductible donation to a program that would provide financial assistance to eligible customers who cannot afford to pay their City utility bill.

ESBD CONSIDERATIONS

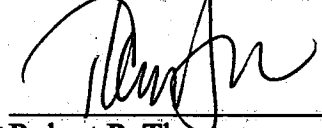
Not applicable

Respectfully submitted,

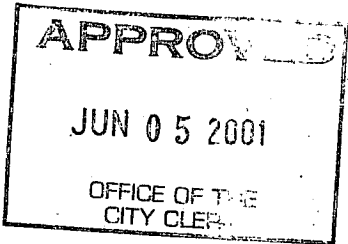


For Jim Sequeira
Director of Utilities

RECOMMENDATION APPROVED:



Robert P. Thomas
City Manager



RESOLUTION NO. 2101-763

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A PILOT CUSTOMER ASSISTANCE PROGRAM AND APPROVAL OF AN AGREEMENT WITH THE SALVATION ARMY TO ADMINISTER THE PROGRAM

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. A pilot Customer Assistance Program that provides aid to eligible City utility customers who are unable to pay their City utility bill be established. This program will be made possible through the voluntary contributions of City utility customers.
2. The City Manager is authorized to sign the agreement with the Salvation Army to administer the Customer Assistance Program presented as Exhibit A.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

EXHIBIT A

AGREEMENT BETWEEN THE SALVATION ARMY AND CITY OF SACRAMENTO FOR CUSTOMER ASSISTANCE PROGRAM

This Agreement is by and between The Salvation Army ("TSA"), a California corporation and nonprofit organization qualified as a 501(c) (3) organization under the Internal Revenue Code, and the City of Sacramento ("CITY"), a municipal corporation, singularly "Party" or collectively "Parties", who agree as follows:

1. **Effective Date:** This Agreement shall become effective on the last date of execution and continue in effect through December 31, 2002 unless extended or sooner terminated by either Party pursuant to Section 4.
2. **City's Rights and Obligations:**
 - a. Each October, or at such other time as the Parties may mutually agree, City will include within its monthly utility billing statements and for that billing cycle only, informational materials on a Customer Assistance Program ("Program") allowing City utility customers to voluntarily contribute funds to TSA to be used to assist needy individuals in paying their City utility bills, and an envelope pre-addressed to the TSA for use by customers who wish to contribute.
 - b. City will be responsible for the development and distribution of the informational materials, including cost of postage.
 - c. Upon receipt from TSA of a disbursement made pursuant to Section 3(d.) of this Agreement, City will credit the account of each customer appropriately.
 - d. City shall have the right, during TSA's normal business hours for the duration of this Agreement and for a period of three years thereafter, to conduct an audit or review of the records maintained by TSA for the Program.
 - e. Other than the provisions set forth in this Agreement, City shall have no power or authority to direct TSA in the management or control of the Program, including the choice of the individual beneficiaries of Program funds; provided that all contributions received through the Program shall be used solely to assist needy City utility customers in paying their residential utility service bill as provided herein.
3. **TSA's Rights and Obligations:**
 - a. TSA will receive all voluntary contributions and deposit said funds into an exclusive checking account established by TSA. Funds received under this Agreement shall not be commingled with any other funds, regardless of source.

- b. TSA shall accept applications for assistance from needy City utility customers, and shall make disbursements directly to City from funds received for the benefit of needy City utility customers who have applied to TSA for assistance.
- c. All applications for assistance will be screened and interviewed for eligibility by TSA using the guidelines attached to and made part of this Agreement as Exhibit I
- d. To disburse funds to City, TSA will issue a check on the Program account made payable to City. The check and a list of accounts to be credited, including the name, address, account number, and amount to be credited for each customer(s) whose account(s) is to be credited, will be sent to City at the address below:

Kimberly Wilson, Revenue Supervisor
 Revenue Division
 City of Sacramento
 915 I Street, Room 105
 Sacramento, CA 95814

- e. TSA may retain up to 15% of the total amount of contributions it receives to offset TSA's administrative costs associated with the Program.
 - f. TSA will maintain all Program accounts and records in accordance with established accounting principles and procedures. TSA will also maintain Program statistics.
 - g. TSA agrees that the donor and applicant information received under the Program will not be used by TSA or any third party to solicit funds for any other purpose and will not be released to any third party, except as may be required by law.
 - h. TSA will notify City in writing within five days of receipt of notice from the Internal Revenue Service of any change in its status as a nonprofit 501(c)(3) organization.
4. **Termination:** Either Party may terminate this Agreement at any time and for any reason by giving the other Party 30 days prior written notice of intent to terminate. At the end of the notice period or following expiration of the Agreement, TSA shall remit to City all deposited funds remaining in the Program account.
 5. **Reporting and Evaluation:** Each quarter for the life of this Agreement and within 30 days of termination or expiration of this agreement, TSA shall provide to City a summary accounting of Program activity for that period. The report shall reflect, at a minimum, the number and amount of donations received, number of applications for assistance received and/or approved, account number, name, and addresses of individual customers receiving assistance.
 6. **Indemnification:** Each Party, as indemnitor, agrees to indemnify and hold harmless the other as indemnitee, including the indemnitee's directors, officers, and employees, against and from any and all loss, damage, expense, and liability arising out of or in any way connected with the performance of or failure to perform this Agreement by indemnitor, its directors, officers, or employees, excepting only such loss, damage, expense, or liability as may be caused by the sole negligence or willful misconduct of the indemnitee, its directors, officers, or employees. Indemnitor shall, upon indemnitee's request, defend at its sole cost any suit asserting a claim covered by this indemnity.

It is the intent of the Parties hereto that, where negligence is determined to have been contributory, principles of comparative negligence will be followed and each Party shall bear the proportionate cost of any loss, damage, expense and liability attributed to that Party's negligence.

7. **Assignment:** Neither Party may assign this Agreement without the written authorization of the other Party.
8. **TSA Not An Agent:** TSA and TSA'S personnel shall have no authority, express or implied, to: (i) act on behalf of City in any capacity whatsoever as an agent, or (ii) bind City to any obligation whatsoever.
9. **Entire Agreement:** This Agreement constitutes the entire understanding and agreement of the Parties. No previous written or oral agreement is binding upon the Parties. This Agreement may be modified only in writing signed by the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates indicated.

City of Sacramento

The Salvation Army

By: _____
Jim Sequeira
Director, Department of Utilities

By: _____
Print Name: _____
Title: President

Date: _____

Date: _____

Approved as to form:

By:

Joe Robinson
Deputy City Attorney

Print Name: _____
Title: Secretary

RECOMMENDATION APPROVED:

Robert P. Thomas
City Manager

ATTEST:

City Clerk

EXHIBIT I

To qualify for the customer assistance program, the applicant must meet the following criteria:

1. Applicant must be owner of record.
2. Account must be for a single-family dwelling.
3. Applicant cannot own any other property in the City of Sacramento.
4. Total annual gross household income must be \$15,000 or less.
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