



City of Prineville

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Staff Report: Utilities Assistance Program

After reviewing the proposal presented to Prineville City Council by Crook County Human Dignity Advocates, staff has formulated several options as to how to proceed.

Option 1 – Utilities Assistance Program administered entirely through an outside agency.

Under this option, the City would seek to partner with a community agency already engaged in emergency financial assistance such as SVDP or another non-profit. The City would produce literature and an advertising campaign to enclose with utility bills and appear on the City's website. The literature would reflect making contributions directly to the partnered non-profit and not to the City. Running a quarterly insert with a separate donation envelope addressed to the partnered organization would cost the City approximately \$1,000.00

Pro's: Donations would be tax deductible due to them being made directly to a qualifying non-profit. City overhead and administrative costs are minimal. Fund balance and program administration could be handled directly by the partnered organization without influence from the City.

Con's: Monthly-reoccurring contributions would not be possible unless the partnered organization chose to bill donors separately.

Option 2 – Utilities Assistance Program with collection of funds handled through the City and disbursement of funds handled through an outside agency.

Under this option, the City would develop an advertising campaign to solicit donations and create a liability account within the City's ledger to track donations. Customers could make a onetime donation or commit to monthly contributions which would appear on their utility statement. The City would seek to partner with an existing community organization engaged in emergency assistance to screen potential applicants and disburse funds. The City and the Partnered Organization would determine whether the City would transfer funds to the organization to disburse, or create a voucher system which the organization could use to issue funds to individuals receiving benefits.

The cost to administer this program would be approximately \$1,000 for advertising / inserts and the donation fund balance would be assessed 8% in administrative fees which is in-line with other city funds and covers the costs associated with payment processing, bank fees, management, and audit.

Pro's: Monthly, re-occurring contributions could be arranged. Simplified donation process (one check or payment to the City). An outside agency would be used to screen potential applicants and such agency could establish guidelines for disbursement of funds in-line with their goals.

Con's: Donation amounts would be paid to the City and therefore would not be tax deductible to the donor. City would assess fees against the fund balance to cover administrative costs associated with maintaining the fund.

Option 3 – Utilities Assistance Program administered wholly through the City.

Under this option, the City would develop an advertising campaign to solicit donations and create a liability account within the City's ledger to track donations. Customers could make a onetime donation or commit to monthly contributions which would appear on their utility statement. The City would establish basic criteria for receiving utility assistance. Customers needing assistance would submit an application for funds to the City, and based on the minimal criteria, the City would allocate assistance on a funds available basis to those meeting the criteria for assistance.

The cost for this option would be approximately \$1,000 for advertising and inserts 4-times per year, and the donation fund balance would be assessed 8% in administrative fees which is in-line with other city funds and covers the costs associated with payment processing, bank fees, management, and audit. Staff has concerns regarding this option due to the fact that it utilizes City personnel to the greatest degree. It is staff's opinion that this is unfair to our ratepayers since they would be indirectly subsidizing a program which they may or may not support through use of City Staff to administer the entire program. It also exposes the City to potential legal risk from complaints regarding how and to whom funds are disbursed. Such exposure may be minimal, but the overhead of dealing with any complaints would cost the city additional time and resources.

Pro's: Donation process is simplified (one payment to the City). Monthly, re-occurring contributions would be possible.

Con's: Donations would be made directly to the City and therefore would not be tax deductible to the donor. Funds would be distributed on a funds available basis to customers meeting basic need criteria. There would be no subjective screening of applicants (which an outside agency could provide).

Staff surveyed several Oregon Cities who offer a utility assistance program. It was found that several cities offer such a program. Several cities have gone the route closest to option 2 above where they are utilizing an outside partner agency to administer the disbursement of funds. Several other cities have started programs with the intent to use an outside partner agency for administration, but have been unable to locate an agency who is willing and able to disburse the funds.

The City of Bend began collecting for a utilities assistance program approximately 6 months ago. They have collected \$6,000 to date. With approximately 30,000 service accounts, this equates to an average donation of \$0.20/per user over a 6 month period, or \$0.40 per year, per user. If you extrapolate that donation rate to our 3,400 accounts, it shows that the City of Prineville may only expect to collect \$1,360 /year in a similar utilities assistance program. This assumes Prineville residents have similar giving habits as the citizens of Bend, and does not take into account the substantially higher base rates which exist in Prineville.

Considering the program cost and advertising campaign to do billing inserts quarterly would cost the city approximately \$1,000/year, the amount collected for assistance over actual costs of the program could be as low as \$360.

The average account balance of a customer who has allowed an account to go into delinquency to the point of shut-off is approximately \$190.00. With the potential revenue projections, it is possible that a utilities assistance program would not be able to provide assistance to very many people.

Staff seeks the direction of Council in the form of a consensus as to which option, if any, the Council wishes to pursue in order to implement a Utilities Assistance Program. Staff will then confirm details, locate a partnered agency if needed, and return to Council with a resolution enacting the program at a later date.