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Department of Utilities
Business Services Division

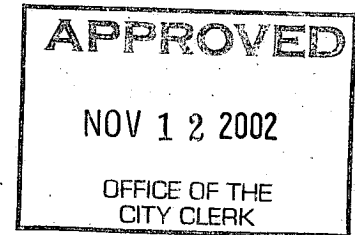
CITY OF SACRAMENTO
CALIFORNIA

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October 15, 2002

City Council
Sacramento, California

Honorable Members in Session:



SUBJECT: APPROVAL TO EXTEND AN AGREEMENT WITH THE SALVATION ARMY TO ADMINISTER THE UTILITY CUSTOMER ASSISTANCE PROGRAM AND TO AMEND THE HOUSEHOLD INCOME CRITERIA

LOCATION AND DISTRICT: Citywide

RECOMMENDATION

This report recommends:

- Extending the agreement with The Salvation Army to administer the Utility Customer Assistance Program through 2005; and
- Amending the household income criteria to be consistent with the threshold specified for refund of the utility user tax.

CONTACT PERSON: Michelle Basurto, Supervising Financial Analyst, 264-1462
Charlene Hiura, Administrative Analyst, Utilities, 264-2683

FOR COUNCIL MEETING OF: November 12, 2002

SUMMARY

The City of Sacramento entered into agreement with The Salvation Army to administer the City of Sacramento Utility Customer Assistance Program in June 2001. This agreement expires on December 31, 2002. It is recommended that the agreement be extended through 2005 and that the eligible maximum household income level, currently at \$22,500, be adjusted to \$25,000, consistent with the threshold specified for refund of the utility user tax.



CITY OF SACRAMENTO
DEPARTMENT
OF UTILITIES

Making a Difference in Your Neighborhood

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND

On June 5, 2001, City Council authorized staff to establish a pilot Customer Assistance Program. The Department of Utilities developed this program, which is administered by The Salvation Army, to provide aid to eligible customers who cannot afford to pay their City utility bill. City utility customers make this program possible through voluntary contributions.

In October 2001 envelopes for tax-deductible donations were mailed with the utility bills. The Salvation Army began accepting applications in January 2002 from utility customers in need of assistance. As of September 2002, The Salvation Army has received a total of \$15,427 in donations from City utility customers and has assisted 93 households with their City utility bill.

The current agreement with The Salvation Army to administer the Customer Assistance Program expires on December 31, 2002. Extending the agreement (Attachment 1) with The Salvation Army will allow uninterrupted and continued assistance to our customers who are elderly and are on a limited income, are disabled, or otherwise unable to work.

Additionally, there are a number of criteria that applicants must meet to be eligible for this assistance. The current criteria level for household income is a maximum of \$22,500. In order to allow more customers to qualify for assistance, it is recommended that the maximum household income be raised to \$25,000 and remain consistent with the household income thresholds specified for refund of the utility user tax. The proposed criteria, reflecting this modification, are presented as Exhibit 1.

FINANCIAL CONSIDERATIONS

The Salvation Army has received \$15,427 in donations from City utility customers and has assisted 93 households with their City utility bill. The Salvation Army may retain up to 15% of the total amount of contributions it receives to offset costs associated with administering the program.

ENVIRONMENTAL DETERMINATION

Not Applicable

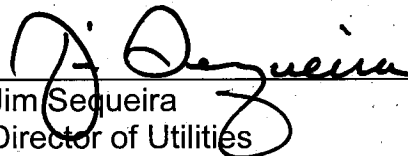
POLICY CONSIDERATION

The City's customer assistance program is similar to programs that other utility companies offer to provide assistance to customers who are elderly and are on a limited income, are disabled or otherwise unable to work and have difficulty paying their utility bills. The Salvation Army administers the City's program in addition to other utility companies' assistance programs.

ESBD CONSIDERATIONS


None.

Respectfully submitted,



Jim Sequeira
Director of Utilities

RECOMMENDATION APPROVED:



Robert P. Thomas
City Manager

**FIRST AMENDMENT TO AGREEMENT BETWEEN THE
SALVATION ARMY AND CITY OF SACRAMENTO
FOR CUSTOMER ASSISTANCE PROGRAM**

WHEREAS, The Salvation Army ("TSA"), and the City of Sacramento ("City") previously entered into an Agreement for TSA to administer a Customer Assistance Program, dated June 5, 2001, and identified as City Agreement No. 2001-363 (the "Agreement"); and

WHEREAS, the parties desire to extend the term of the Agreement and make other changes to the Agreement.

NOW THEREFORE, in consideration of the mutual obligations set forth in the Agreement and this First Amendment, the City and TSA hereby amend the Agreement as follows:

1. Section 1 of the Agreement is revised to read in its entirety as follows:

Effective Date: This Agreement shall become effective on the last date of execution and shall continue in effect through December 31, 2005, unless extended or sooner terminated by either Party pursuant to Section 4.

2. Exhibit I is deleted and replaced, in its entirety, by the revised Exhibit I attached hereto and incorporated herein by this reference.

3. Except as specifically revised herein, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, City and TSA have executed this First Amendment on _____, 2002.

THE SALVATION ARMY

By: _____
Name: _____
Title: President

By: _____
Name: _____
Title: Secretary

CITY OF SACRAMENTO

City Manager

APPROVED AS TO FORM:

City Attorney

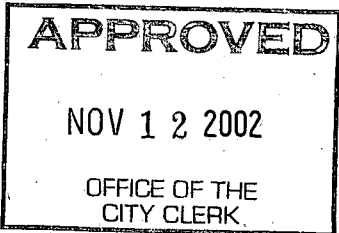
ATTEST:

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. Applicant must be 62 years or older or 100% "totally and permanently disabled from employment."
5. Total annual gross household income cannot exceed the maximum "household Income" threshold specified for refund of the utility user tax under Sacramento City Code Section 3.32.170.



RESOLUTION NO. 2002-743

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION APPROVING AN AMENDMENT TO AN AGREEMENT WITH THE SALVATION ARMY TO ADMINISTER THE CUSTOMER ASSISTANCE PROGRAM THROUGH THE YEAR 2005 AND TO AMEND THE MAXIMUM HOUSEHOLD INCOME CRITERIA TO BE CONSISTENT WITH THE THRESHOLD SPECIFIED FOR THE UTILITY USER TAX REBATE PROGRAM

BE IT RESOLVED BY THE SACRAMENTO CITY COUNCIL THAT:

1. The City Manager and City Clerk are hereby authorized to sign and execute the first amendment to an agreement with The Salvation Army to administer the City of Sacramento's Utility Customer Assistance Program through December 31, 2005; and
2. The maximum household income level shall be consistent with the thresholds specified for the utility user tax rebate program.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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