



**REPORT TO FINANCE AND
CORPORATE SERVICES
COMMITTEE**

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TO: FINANCE AND CORPORATE SERVICES COMMITTEE

PREPARED BY AND KEY CONTACT: C. SMITH, SENIOR MANAGER, ACCOUNTING AND REVENUE

SUBMITTED BY: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER
B. ARANIYASUNDARAN, DIRECTOR OF INFRASTRUCTURE

GENERAL MANAGER APPROVAL: D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES
A. MILLER, GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

DATE: APRIL 20, 2021

SUBJECT: WATER BILL SUPPORT PROGRAM FOR LOW-INCOME HOUSEHOLDS AND SMALL BUSINESSES

RECOMMENDED MOTION

1. That the Report to Finance and Corporate Services Committee dated April 20, 2021 concerning a support program for low-income households and small businesses be received for information purposes.

PURPOSE & BACKGROUND

2. The purpose of this Report is to identify options to support low-income households and small businesses by providing a program to assist those in financial need with timing of bill payments and/or relief.
3. On January 25, 2021, City Council adopted paragraph 23 of motion 21-G-006 regarding 2021 Business Plan as follows:

That staff in the Finance Department in consultation with the Infrastructure Department design a support program for low-income households and small businesses, similar to those in place at electric and gas companies in order to assist those in financial need with timing of bill payments and/or relief, considering the following parameters: a) Any bill relief being designed not to encourage additional consumption and not to exceed 40% of the total bill; b) Limited in financial impact to no more than 2% of the Water and Wastewater Branches' overall budget; c) Include similar eligibility criteria used as part of the RecAccess Program; and report back to the Finance and Corporate Services Committee by April, 2021.

4. As staff began their investigation into providing a support program for small business to assist those in financial need, staff became aware that such a program is not permitted under the *Municipal Act, 2001*, section 106, which prohibits assistance to an industrial or commercial property through the granting of bonuses.
5. In 2020, a short term Covid-19 temporary program was initiated to provide relief to water and wastewater residential customers in the City of Barrie that included waiving late and NSF fees, extending payment terms and applying a fixed rate reduction. Those temporary measures are now expired, and this report discusses a longer term or permanent program.

ANALYSIS

Programs that support Low-Income Households:

6. Research has been undertaken on various programs currently in existence for the purpose of assisting low-income households with other utilities as well as water/wastewater. There are several variations on the process for determining who may be eligible for assistance, and the documentation requirements:
 - a) City of Barrie RecACCESS Program - is a fee assistance program that provides support to low-income families and individuals. The eligibility criterion in determining low-income thresholds is based on the Low Income Cut Off table (LICO) (see Appendix A) produced annually by the Federal Government. Documentation required as part of the application process includes proof of residency, family income, and eligible dependents.
 - b) Ontario Energy Board Support Program (OESP) – this program provides support to lower-income customers by reducing the cost of household electricity bills by applying a monthly credit directly to bills. As explained on the Ontario Electricity Support website, the eligibility criteria is determined by using the last federal income tax assessment notice and picking up line 23600 (Net Income). The net income number is then multiplied by 87.82% with the result being used to determine eligibility. See Appendix B for details on OESP monthly credit amounts by household income levels.
 - c) Low-Income Energy Assistance Program (LEAP) – Ontario Energy Board – this program provides emergency financial help for low-income households who are behind on their electricity or natural gas bill. Low-income customers can get up to \$500 in emergency assistance for their electricity bills (or \$600 for homes heated electrically) and \$500 for their natural gas bills, based on their arrears amounts. Qualifying for this program involves meeting with a social agency, which will typically charge an administration fee to review various documents including proof of income. Household income must fall below a certain limit and is based on the number of people living in the house and the household combined family income. See Appendix C regarding household income levels relevant to the LEAP eligibility criteria.
 - d) COVID-19 Energy Assistance Program - Residential (CEAP) – this program provides an on-bill credit to eligible residential electricity and natural gas customers to assist them in catching up on their energy bills and resuming regular payments. The maximum amount of support is \$750 for both energy types combined and applies to those customers who have had overdue amounts on one or more energy bills since March 17, 2020. Applications are completed through individual utility providers, however, submitting an application does not guarantee funding as the program's funding is limited by the

Province which provided \$9M in the summer of 2020 and an additional \$23M in March 2021 to support both residential and small business customers.

- e) Town of Newmarket - offers a Water and Wastewater rebate program to any resident who qualifies for any of the following:
- Guaranteed Income Supplement (GIS) under the Old Age Security Act
 - Support under the Ontario Disability Support Program
 - Ontario Works Assistance
 - a similar federal or provincial income support program

The rebate amount for qualified applicants is \$35/month or \$420/year. To apply for the rebate, you must complete an application form and provide proof of one of the above support programs.

- f) City of Toronto – provides a 30% rebate program to low-income seniors or low-income persons living with a disability who consume less than 400 cubic metres (m³) of water each year. In order to qualify, you must:
- have a combined household income of \$50,000 or less
 - be 65 years of age or older, or
 - be 60-64 years of age and be in receipt of an Allowance under the Old Age Security Act; if widowed, be in receipt of the Spouse's Allowance under the Old Age Security Act, or
 - be 50 years of age or older and be receiving either a pension or a pension annuity resulting from a pension plan under the Income Tax Act (Canada), or
 - be a person living with a disability and be in receipt of disability benefits
 - consume less than 400 m³ of water annually

Residents must provide proof of the above to the City's Revenue Services department.

- g) City of Thunder Bay – provides a number of programs designed for low-income persons as follows:
- i. High water bill credit program for low-income seniors – credit applicable if a high-water bill is assessed as a result of a leak where the bill is in excess of two times the previous bill (snowbirds/vacationers excepted). The credit is 50% of that excess. Proof of age, GIS receipt, and household income required must be less than \$39,415;
 - ii. Low-income seniors (GIS) and low-income persons with disabilities – \$200 credit-based application, requires proof for claims;
 - iii. Low-income persons – application-based credit of up to \$200, requires proof of household income (less than \$39,415) and latest property assessment value must not exceed \$158,000.
- h) York Region – provides two distinct programs depending on whether the resident receives Ontario Works or ODSP Benefits.
- i) For those not receiving the benefits as per the above, the Homelessness Prevention Program assists those under threat of utility service disconnection. An extensive documentation list is required, and the program is administered by an external social agency. Total housing costs must be sustainable when compared to monthly income, and household income must be equal to or less than the amounts set out in Appendix D.

- ii) For those who are receiving financial assistance through Ontario Works (OW) or ODSP, and who are in arrears due to COVID-19, an application may be made to this program, whereby payment will be made directly to the utility company in York Region.

Administrative Requirements:

7. If Council wishes to proceed with a low-income support program, depending upon the selected approach, there will be an administrative component for staff, with those requiring multiple documents and review/confirmation being the most time consuming and possibly subjective. The complexity and degree to which personal information must be provided may deter some who could be truly deserving from applying. Using a simpler approach may result in a broader distribution of available funds.
8. There are external agencies that can administer low-income support programs. The prime advantage to these agencies is that they carry out similar processes on a regular basis and have trained personnel available. A benefit to the applicant is that the agencies are able to determine if the application may qualify for other program assistance not related to the City of Barrie, and work with individuals directly on securing that additional help. Agency administrative fees that would be charged to the City could range between 5% and 15% of the benefit provided.

Programs that Support Small Businesses:

9. Research was also undertaken to determine the existence of programs for the purpose of assisting small business in a similar manner:
 - a) COVID-19 Energy Assistance Program – Small Business (CEAP-SB) – The Town of Newmarket's website outlines a 2021 temporary water and wastewater rebate program for local small businesses whereby they are offering a \$1,000 rebate on their water bill for those businesses with a utility account identified as non-residential and the water meter size is less than 2 inches. The rebate is applied in four instalments directly on the utility bill.
10. Staff are under the understanding however, that providing such a grant to a commercial property is not permitted under section 106 of the *Municipal Act, 2001*.
11. The Province has used a similar approach for Covid-19 relief where any business using a set amount of power or less, is deemed 'small' and would qualify for relief. The Province is able to offer this program as they do not fall under the constraints of the Municipal Act.

Financial Considerations

12. Council has directed that a support program be designed not to encourage additional consumption and not to exceed 40% of the total bill. It is estimated that the average consumer uses 180 m³ of water and has an average annual bill of \$879.86 (water \$364.82 and Wastewater \$515.04). On an annual basis, 40% would equate to \$351.94 for an average consumer.
13. Council has also directed that the program be limited to no more than 2% of the Water and Wastewater Branches' overall budgets which places the program upper limit at no more than approximately \$1.3 million as per Appendix E.



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14. As part of the 2021 budget, Council has directed that wastewater rates be frozen at the 2020 levels. This takes effect on May 1st, 2021. The effect of this rate freeze was a budgeted revenue reduction in the amount of \$270,010.
15. As described in the City's 2021 Capital Plan, over the next 5 years \$68.6 million is needed from the Wastewater Capital Reserve and \$48.9 million from the Water Capital Reserve. The current balances within these reserves will not be sufficient to support required capital works. Any water and wastewater relief program will further reduce funding available to support capital works.

Conclusion

Low Income Support Program

16. If Council wishes to proceed with a low-income support program, it would be recommended that such a program be administered in house by the City's Finance Revenue staff provided that one additional permanent staff member at an annual cost of approximately \$70k be approved.
17. The criteria that would be used to determine eligibility for a support program would be similar to that used by RecACCESS, which is not an overwhelming process for applicants and provides enough documentation for staff to be able to assess the qualifying level of income as per the LICO table (see Appendix A). Council's motion caps any credit to 40% of the total water bill.
18. In addition, such a program could include a larger credit for low-income households that use more water for medical dialysis devices. For example, the Ontario Energy Board Support Program (see second table in Appendix B) provides a credit of \$68 a month for 2 person households making \$28,000 or less if a medical device that uses a high level of electricity is needed. Council could consider increasing the credit limit from 40% of bills as noted in Council motion 21-G-006 to 50% for households with such medical devices.
19. At this point, it is difficult to determine the financial cost of providing such a program. Under Council's motion, up to \$1.3 million would need to be funded from water and wastewater rates. The City's water and wastewater reserves are needed to fund asset management requirements and the non-growth costs of expanding the City's water and wastewater systems. Under the Safe Water Drinking Act, Municipalities are required to operate a financially sustainable water system. Staff are currently working with Watson and Consultants and will be bringing forward an updated Water and Wastewater Financial Plan to Council later this year.

Small Business Support Program

20. Staff are unable to recommend a support program for small business due to the constraints of the Municipal Act. However, as noted above, staff will be bringing forward an updated Water and Wastewater Financial Plan later in the year that will provide an opportunity for Council to review rates.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

21. There are no environmental or climate change impact matters related to the recommendations.

ALTERNATIVES

22. There are alternatives available for consideration by Finance and Corporate Services Committee:

Alternative #1

Finance and Corporate Services Committee could recommend that staff establish a residential low-income support program with parameters established under motion 21-G-006.

If Council chooses this alternative, it is recommended that the annual income criteria be based on the LICO tables (Appendix A) and support documentation based on the City's RecACCESS Program. In order to administer this program, this alternative would require that one additional permanent staff member be approved for the Finance Revenue team, funded from water and wastewater revenues. If the program is initiated in 2021, it is recommended that the program be funded from the water and wastewater stabilization reserves with the full cost of the program included in the 2022 operating budget and funded directly from water and wastewater rates.

Alternative #2

Finance and Corporate Services Committee could recommend that staff outsource the administration of any low-income support program.

This alternative is not recommended as the administration costs could be higher than administering a program in-house.

Alternative #3

Finance and Corporate Services could recommend a support program targeted to accounts in arrears.

This alternative is not recommended as it may not coincide with the objective of providing support to low-income account holders and could discourage the prompt payment of account balances.

Alternative #4

Finance and Corporate Services could recommend a relief program for small business water and wastewater accounts using a qualification of 'small' such as a service size of less than 50mm. This would apply to 1,535 or 62% of the current 2,475 industrial/commercial water/wastewater accounts.

This alternative is not recommended as it contravenes s.106 of the *Municipal Act, 2001* as it is seen as bonusing.

FINANCIAL

23. There is no financial impact from the recommendation to receive this report for information purposes.

LINKAGE TO 2018–2022 STRATEGIC PLAN

24. The recommendation in this report is not related to the goals contained in 2018-2022 Strategic Plan.



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Appendix "A"

Low Income Cut-Off (LICO) 2020*:

Size of Family Unit	LICO - 12 Months	LICO - 6 Months
one person	\$25,920	\$12,960
two persons	\$32,899	\$16,135
three persons	\$40,445	\$19,836
four persons	\$49,106	\$24,083
five persons	\$55,695	\$27,315
six persons	\$62,814	\$30,806
seven persons	\$69,935	\$34,299
If more than seven persons, for each additional person, add	\$7,121	\$3,492

*Note – LICO table for 2021 is not yet official, however expected to exceed 2020 limits by 2% inflationary adjustment.

Appendix “B”

Ontario Energy Board Support Program

The OESP on-bill credit amount will depend on how many people live in the house and the combined household income after tax.

Effective May 1, 2017

OESP Monthly Credit Amounts by Household Income Level

Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$28,000 or less	\$45	\$45	\$51	\$57	\$63	\$75	\$75
\$28,001 – \$39,000		\$40	\$45	\$51	\$57	\$63	\$75
\$39,001 – \$48,000			\$35	\$40	\$45	\$51	\$57
\$48,001 – \$52,000					\$35	\$40	\$45

For some customers, the need to use more power is unavoidable. If your home is electrically heated, or you rely on an approved medical device requiring a lot of electricity, OESP offers a higher level of assistance.

**OESP Monthly Credit Amounts by Household Income Level –
Energy Intensive**

Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$28,000 or less	\$68	\$68	\$75	\$83	\$90	\$113	\$113
\$28,001-\$39,000		\$60	\$68	\$75	\$83	\$90	\$113
\$39,001-\$48,000			\$52	\$60	\$68	\$75	\$83
\$48,001-\$52,000					\$52	\$60	\$68



Appendix "C"

Low-income Energy Assistance Program

LEAP EFA income eligibility criteria

Household after tax income (\$)	Number of people living in home						
	1	2	3	4	5	6	7
Less than 28,000	✓	✓	✓	✓	✓	✓	✓
28,001 - 39,000			✓	✓	✓	✓	✓
39,001 - 48,000					✓	✓	✓
48,001 - 52,000							✓



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Appendix "D"

York Region Homelessness Prevention Program

Household income maximum levels

FAMILY SIZE	INCOME
1 person	\$40,848
2 Persons	\$57,768
3 Persons	\$70,750
4 Persons	\$81,696
5 Persons	\$91,338
6 Persons	\$100,056
7 or more Persons	\$108,074



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Appendix "E"

2021 Operating Budget – Water and Wastewater*

	Water	Wastewater	Total
Total Budget	\$ 28,278,859	\$ 36,995,049	\$ 65,273,908
2% of Total Budget	\$ 565,577	\$ 739,901	\$ 1,305,478

*The total budget used includes Transfers to Capital Reserves