



MEMO

To: The Honorable Mayor and Council
FROM: Bert Lumbreras, City Manager
DATE: March 11, 2021
RE: **Utility Bill Assistance Funding Recommendation**

This memo has been prepared to provide additional context and a staff recommendation regarding the utility disconnections/late fees discussion City Council is scheduled to continue on March 16 and the use of freed up General Funds due to CARES Act funding. Staff recommends using funding from the potential Coronavirus Relief Funds (CRF) reimbursement to help people and businesses pay their utility bills, including bills owed to the City.

City Council has previously expressed concern about supporting low-to-moderate income people and businesses with less than 30 employees in this time of economic hardships brought about by the pandemic. Here are some reasons why using the funding to pay utility bills makes the most sense:

- Paying toward these customers' utility bills provides an opportunity to benefit low-to-moderate income people and small businesses TWICE instead of just once: 1) It provides relief now and 2) it prevents pandemic-related issues from being the cause of a rate increase later.
- Two major programs will be providing crisis funding for rent and mortgages:
 - The state, through the Texas Department of Housing and Community Assistance (TDHCA) has a very large rent-relief program available now for application by individuals and families that has been broadly marketed, including in direct mailers. It has a telephone bank of people to assist with the application process.
 - TDHCA is currently holding an application process for agencies who will provide mortgage-relief programs, and Community Action Inc and BR3T will be submitting an application on behalf of the region. Staff is drafting a letter of support for this combined application.
 - The County has also received substantial sums to be used for rent relief, which will be coordinated by BR3T.
 - Applicants that do not qualify for these programs will be considered for funding through the CDBG-CV Round Three program that has been approved by San Marcos City Council, for administration by Community Action Inc and BR3T.

Therefore, staff recommends that the General Funds freed up by CRF funding be used to pay the utility bills for individuals and small businesses (<30 employees). The Council has expressed a desire to ensure the need for support is tied into the pandemic, either due to economic impacts or COVID-19-related expenses, etc. However, since the funding will be General Fund dollars this is not required unless City Council directs staff to require it.

In deciding whose bills to pay, City Council expressed a desire to use San Marcos median income instead of the usual Metropolitan Statistical Area. As a policy decision, either Council or staff will need

to decide on the income level for individuals who will receive assistance. Please see attachment for information on income.

- 2019 Median Household Income for San Marcos = \$40,370
- 2021 Poverty Level for the US for a Family of 4 = \$26,500

Council can choose to use 100% of San Marcos Median Household Income (\$40,370), or a higher percentage, such as 120% (\$48,444) as the threshold for those receiving assistance. Staff recommends using 120% (\$48,444) and creating our own table for size of family using HUD's percentages (see attached).

CITY OF SAN MARCOS

City of San Marcos 2019 Median Household Income is estimated to be \$40,370 per the Census Bureau's American Community Survey (median income for households of all sizes). San Marcos has approximately 23,154 households with an average 2.45 persons per household. <https://www.census.gov/quickfacts/fact/table/sanmarcoscitytexas,US/PST045219>

METROPOLITAN STATISTICAL AREA

For HUD CDBG programs, for comparison, we must use Area Median [Family] Income (AMI) <https://www.huduser.gov/portal/datasets/il/il2020/2020summary.odn>

In general, the federal government

“Very Low Income” = <30% of Area Median Income (AMI)

“Low Income” is 30%=<50% AMI

“Moderate Income” is 50%=<80% of AMI.

HUD creates its own estimates of income using Census Data:

Median Family Income: Austin-Round Rock MSA - \$97,600 as of March, 2020

Effective: July 1, 2020

Percent AMI	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30%	\$20,550	\$23,450	\$26,400	\$29,300	\$31,650	\$34,000	\$36,350	\$38,700
50%	\$34,200	\$39,050	\$43,950	\$48,800	\$52,750	\$56,650	\$60,550	\$64,450
80%	\$54,700	\$62,500	\$70,300	\$78,100	\$84,350	\$90,600	\$96,850	\$103,100

30%	14%	13%	11%	8%	7%	7%	6%	-100%
50%	14%	13%	11%	8%	7%	7%	6%	-100%
80%	14%	12%	11%	8%	7%	7%	6%	-100%

HEALTH AND HUMAN SERVICES 2021 POVERTY GUIDELINES

<https://www.federalregister.gov/documents/2021/02/01/2021-01969/annual-update-of-the-hhs-poverty-guidelines>

Persons in family/household	Poverty guideline
1	\$12,880
2	17,420
3	21,960
4	26,500
5	31,040
6	35,580
7	40,120
8	44,660

For families/households with more than 8 persons, add \$4,540 for each additional person.

The Census Bureau's poverty thresholds are the same nationwide, with no separate figures for different states, metropolitan areas, or cities.