



City of San Antonio

Legislation Details (With Text)

File #: 20-3822

Type: Miscellaneous Item

In control: City Council A Session

On agenda: 6/25/2020

Title: Ordinance terminating the Project Winter Assistance Relief Mobilization (WARM) program and authorizing the transfer of the WARM account corpus and interest from CPS Energy to the Residential Energy Assistance Partnership, Inc. (REAP) program for efficient administration of a single utility assistance program under Project REAP; authorizing agreements necessary to effectuate the transfer and termination with CPS Energy and REAP, including an extension of the current agreement with REAP to December 31, 2023, and two automatic annual renewals to December 31, 2025. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft Ordinance, 2. Ordinance 2020-06-25-0452

Date	Ver.	Action By	Action	Result
6/25/2020	1	City Council A Session		

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Merger of REAP and WARM Utility Assistance Funds

SUMMARY:

This ordinance would terminate the Project Winter Assistance Relief Mobilization (WARM) Program and authorize the transfer of WARM funds from CPS Energy to the Residential Energy Assistance Partnership, Inc. (REAP) for efficient administration of a single utility assistance program under Project REAP. The ordinance would also authorize all actions and agreements necessary to effectuate the transfer and termination, including an extension of the current agreement with REAP to December 31, 2023, and two automatic annual renewals to December 31, 2025.

BACKGROUND INFORMATION:

Established in 1983, Project Winter Assistance Relief Mobilization (Project WARM) provides funding for utility bill assistance to residential customers of CPS Energy who qualify under certain eligibility requirements. Project WARM is funded from investment income generated by a \$7.5 million endowment fund from two Texas oil and gas producing partnerships. In addition, the Residential Energy Assistance Partnership, Inc. (REAP) also funds utility bill assistance through an annual allocation, currently \$800,000, from CPS Energy, plus additional funding that can be drawn from the REAP endowment corpus. In 2019, the City drew down approximately \$2.1 million from the REAP corpus to fully fund emergency utility assistance requests. The current estimated balance of the REAP corpus allocated for the City is \$2.5 million.

Under the present Project WARM agreement, income-eligible customers may receive CPS Energy bill assistance not to exceed \$150. In 2019, the program served an estimated 400 residents with up to \$150 each using Project WARM funds and more than 9,000 residents with up to \$400 each using REAP funds. The programs are administered by the Department of Human Services Emergency Assistance Program.

ISSUE:

Due to the current COVID-19 health and financial crisis, many local residents are suffering financially due to unemployment or loss of job hours and income. During this period, the City of San Antonio and CPS Energy staff have been engaged in discussions on how to utilize existing funding to support customers hardest hit by the pandemic. CPS Energy and City staff recommend the transfer of Project WARM's fund balance of approximately \$7.5 million into the Residential Energy Assistance Partnership, Inc. (REAP) endowment account, to be administered in accordance with the program parameters of REAP. This ordinance would terminate the Project Winter Assistance Relief Mobilization (WARM) Program and authorize the transfer of WARM funds from CPS Energy to REAP for efficient administration of a single utility assistance program under Project REAP. While 80% of regular REAP funds are currently allocated to the City and 20% are currently allocated to the County, the funds transferred from WARM to REAP will be allocated exclusively to the City. This transfer will extend the expected life of the REAP corpus, and allow customers to be served under that program until a more sustainable funding mechanism can be established. In addition, the expiration date of the REAP Agreement may be extended to a date no later than December 31, 2023, with two automatic successive annual renewals ending on December 31, 2024 and December 31, 2025, respectively. The ordinance would also authorize all actions and agreements necessary to effectuate the transfer and termination with CPS Energy and REAP.

ALTERNATIVES:

If this ordinance is not approved, the funds in the Project WARM account will not be merged with those of the REAP fund, and residents will continue to be served using REAP or Project WARM funds separately. The REAP corpus may be depleted by the end of 2020 without supplemental funds.

FISCAL IMPACT:

Funds for Project WARM and REAP are held in endowments for the benefit of the program. This ordinance will combine the two funds. There is no anticipated fiscal impact to the City.

RECOMMENDATION:

Staff recommends approval to transfer the estimated \$7.5 million balance of the Project WARM fund to the Residential Energy Assistance Partnership (REAP) account, to be administered in accordance with the program parameters of REAP.