TO:         HONORABLE CITY COUNCIL
FROM:       CITY MANAGER          DEPARTMENT:  UTILITIES
DATE:       SEPTEMBER 11, 2006                      CMR: 355:06

SUBJECT:    ADOPTION OF A RESOLUTION OF THE COUNCIL OF THE
            CITY OF PALO ALTO AUTHORIZING THE EXECUTION OF A
            DIRECT PAYMENT SERVICES AGREEMENT WITH THE
            STATE DEPARTMENT OF COMMUNITY SERVICES AND
            DEVELOPMENT – HOME ENERGY ASSISTANCE PROGRAM

BACKGROUND
Staff recommends that the City Council adopt a resolution authorizing the
execution of a direct payment services agreement with the State Department of
Community Services and Development (CSD) - Home Energy Assistance
Program (HEAP).

DISCUSSION
The City of Palo Alto has offered energy assistance to low-income families since
1981 by working with the State to participate in HEAP through the development
of the City’s Low Income Home Energy Assistance Program (LIHEAP). The City
has an agreement with the State of California for the State to provide direct credit
to the accounts for low-income energy customers that have been identified by the
California State Department of Community Services and Development (CSD) as
payment recipients under the CSD Low-Income Energy Assistance Program,
which includes the Home Energy Assistance Program.

In October 2003, the State made changes which affect all public utility companies
beginning with the new contract term of July 1, 2006 through June 30, 2009. The
most significant change within the direct payment services agreement is the
requirement for public utility companies to provide a copy of a resolution, motion, or
ordinance authorizing both the entering into and execution of the direct payment
agreement.

The contract provides the means for low-income families who meet federal poverty
guidelines to receive energy assistance by means of a direct credit. The State will
provide the City with a printout or transmittal that lists applicants determined to be eligible for assistance and the amount of assistance. Payment, in the form of a State warrant, and a direct payment summary, will be sent to the City which will represent the total amount of benefits contained on each transmittal.

RESOURCES IMPACT
The contract is a no cost agreement, and continuation represents no resource impact to the City.

POLICY IMPLICATIONS
This recommendation is consistent with the Council approved Utilities Strategic Plan Strategy No. 4; to deliver products and services valued by our customers.

ATTACHMENTS
A: Resolution
B: Agreement

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