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## **City of Gainesville Policy Program Preliminary Research & Analysis**

**TOPIC:** Utility Bill Assistance  
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**REQUESTED BY:** Commissioner Johnson

### **EXECUTIVE SUMMARY**

For low-income individuals, utility bill payments can create financial stressors, and in emergency situations many can be left unable to pay the fees they owe. When individuals don't pay their utility bills, cities can additionally incur the costs of shutting off utilities to the residences or in hiring debt collectors. Thus, it is in the interest of both cities and residents to establish programs designed to assist low-income individuals who need help paying their utility bills. There are several active GRU programs which exist to support customers in making payments on time.

A nationally led and supported initiative designed to help low income individuals with their utility payments is the program LIFT-UP, which connects individuals who have a history of not completing their utility payments on time to financial support services. This program is designed to instill fiscal responsibility regularity in participants' lives, while simultaneously reducing the costs of utility shut-off and debt collectors' fees to the city.

One initiative that several cities have implemented is the establishment of a weatherization program, which serves to upgrade older homes in the region to make them more energy efficient, which in turn lowers the utility bills for the residents of the homes. These initiatives to upgrade homes are often accompanied by educational programs to teach residents how to operate and use their homes in the most efficient, cost-reducing manner. Alachua County has a Community Weatherization Coalition, which could be provided with additional support but the City of Gainesville.

Additionally, several cities around the country have implemented their own utility bill discount programs for residents who meet certain income or disability requirements. These programs are intended to directly benefit individuals who have already demonstrated financial need, and seek to eliminate the additional financial stresses that utility payments can put on low income households.

## **HISTORY/BACKGROUND INFORMATION**

### **Data on Gainesville Regional Utilities Customers Who Are Unable to Pay Their Utility Bills**

As of June 2nd, 2021, there were 9,445 accounts that were past due on their utility bills between 31 and 60 days. GRU reads different meter routes each day, so bills are produced daily and are due 21 days from the date of issue. Therefore, there are bills due each day of the month, and payments are received daily.<sup>1</sup>

Utility bills are due 21 days from date of issue. If not paid, a 1.5% late fee is added to the account and the customer is sent a late note. The 1.5% is low compared to other utility companies, some of which may charge 5% or more of the unpaid balance. Customers then have an automatic 14 day extension before service may be disconnected for non-payment. The date on which service may be interrupted is shown in the late notice sent, so customers know the earliest date that service may be disconnected. GRU requires that the customer pay the past due amount or make an agreement for payment before service is restored. This is in contrast to some utility companies which may require that all amounts owed, including current balances, be paid for reconnection. (This is for residential accounts, only. Non-residential accounts have a grace period of 14 days after the due date before a late notice is sent. Then they may be disconnected 7 days later, if no payment or arrangement is made.)

No disconnections occur on Fridays or any day where GRU offices will be closed the following day, such as for a holiday.

For the year of 2020, the number of accounts referred to our collection agency were equivalent to 0.3% of the existing accounts for that period. Accounts are referred for collections if they are closed and have remained unpaid for at least 56 days after the account closed. Active accounts are not sent to collections, nor is the payment history reported to any collection agency/credit bureau. The total number of accounts referred to the collection agency compared to the number of total number of existing accounts by month are shown in the table below.<sup>2</sup>

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<sup>1</sup> Personal Communication, LuAnne Watson, Revenue Assurance Supervisor, GRU.

<sup>2</sup> Personal Communication, LuAnne Watson, Revenue Assurance Supervisor, GRU.

City of Gainesville Policy Program Preliminary Research & Analysis  
 Utility Bill Assistance

Month	# of Active Accounts	# of Referred Accounts	% Referred	Amount Referred
January	79539	226	0.3%	104,529.90
February	79255	240	0.3%	101,958.76
March	84832	266	0.3%	135,530.00
April	82892	251	0.3%	100,526.24
May	79870	200	0.3%	83,143.60
June	80885	162	0.2%	60,121.54
July	79689	208	0.3%	102,069.46
August	79405	204	0.3%	86,493.62
September	83620	440	0.5%	207,526.94
October	85777	385	0.4%	200,489.18
November	72544	308	0.4%	342,281.88
December	84182	364	0.4%	260,968.50
Totals	972490	3254	0.3%	1,785,639.62

**Federal and Statewide Programs and Partnerships**

The following section details national and statewide programs designed to provide assistance to individuals who have difficulty paying their utility bills. Gainesville residents who are eligible may apply to these programs to receive assistance.

The Home Energy Assistance Program is a federally funded program created to help low income individuals with their heating and medically necessary cooling bills. Assistance is provided through the Low-Income Home Energy Assistance Program (LIHEAP) and includes benefits to assist with heating bills, repairs, and certain emergency needs. LIHEAP’s application period is from October 1<sup>st</sup> to August 31<sup>st</sup>, and assistance is provided on a first-come, first-serve basis. To be eligible, households must be responsible for utility payments, and must have a gross income that falls at or below 200% of the Federal Poverty Level.<sup>3</sup> Individuals apply for assistance through a local application agency.<sup>4</sup>

The Weatherization Assistance Program annually provides grants to community action agencies, local governments, and non-profits to provide specific program services for low-income families of Florida. The program is funded by the Department of Energy and the Department of Health and Human Services. Individuals apply for assistance through their Local Weatherization Office, and the program can be used to install attic and floor insulation or ventilation, applying solar reflective coating to manufactured homes, installing solar screens, and repairing or replacing inefficient heating and cooling units. To be

<sup>3</sup> <http://www.floridajobs.org/community-planning-and-development/community-services/low-income-home-energy-assistance-program>

<sup>4</sup> <http://www.floridajobs.org/community-planning-and-development/community-services/low-income-home-energy-assistance-program/contact-your-local-liheap-provider-for-help>

## City of Gainesville Policy Program Preliminary Research & Analysis Utility Bill Assistance

eligible for the program, the total household income cannot be more than 200 percent above the federal poverty level.<sup>5</sup>

The Elderly Home Energy Assistance program is run by the Florida Department of Elder Affairs, and assists low income households with at least one person who is 60 years or older when the households are experiencing a home energy emergency and are unable to pay their utility bills. Eligible households can receive one benefit per season, and the program can also be used to help pay for repairs to existing heating or cooling equipment. Additionally, the gross household annual income must be equal to or less than 150 percent of the federal poverty guidelines.<sup>6</sup>

### **City of Gainesville, Gainesville Regional Utilities Programs**

Currently, Gainesville Regional Utilities (GRU) has several programs that are designed to assist residents who have difficulty paying their utility bills. Currently, GRU has an automatic extension program, which provides residential customers with an automatic seven-day grace period, plus an additional seven-day extension, which is provided automatically with no need to call customer service to receive the extension.<sup>7</sup> GRU Project Share is a payment assistance program, where voluntary donations from GRU customers and employees go to assist the elderly and handicapped in paying their utility bills. Funds are collected by GRU and are distributed by community outreach agencies to help pay for emergency utility costs.<sup>8</sup> Also, should a customer whose balance was referred for collections need to reapply for service, GRU will work with the customer to make arrangements for payment of the old balance. Currently, GRU has 561 active arrangements for repayment of \$326k in prior debt.

The GRU Low-Income Energy Efficiency Program Plus is a program which assists low income customers with home improvements that can help lower their electric bill, improve comfort, and reduce energy use. Eligible participants work with GRU to determine the improvements which best suit their home, potentially including the replacement of central air or heating systems, replacing air conditioners with high-efficiency units, repairing leaky ducts, installing additional insulation, or installing a programmable thermostat. In order to be eligible for the program, individuals must be a GRU customer of at least one year, homes must be 20 years or older, and the customer must show proof that they meet HUD Low-Income Guidelines.<sup>9</sup>

GRU used to offer a Budget Pay system, which allowed individuals to average their utilities bill from the last 12 months to avoid any unpredictable utility charges. Through this program, a monthly utility bill would be based on your average bill from the last 12 months. After the year of averaged payments is completed, the extra amount that individuals either owed or were owed was factored into the next

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<sup>5</sup> <http://www.floridajobs.org/community-planning-and-development/community-services/weatherization-assistance-program>

<sup>6</sup> <http://elderaffairs.state.fl.us/doea/eheap.php>

<sup>7</sup> <https://www.gru.com/MyHome/ManageMyBill/PaymentAssistance.aspx>

<sup>8</sup> <https://www.gru.com/MyHome/Content/ProjectSHARE.aspx>

<sup>9</sup> <http://gru.com/TabID/3656/Default.aspx>

## City of Gainesville Policy Program Preliminary Research & Analysis Utility Bill Assistance

year's utility bill.<sup>10</sup> The program, however, has been discontinued and is no longer accepting new customers.

There are also several energy audit options provided by GRU so that residents are able to maximize their own energy efficiency, including the Home Energy Advisor Tool, where participants are able to answer questions about their home and daily activities for comprehensive analysis of their energy use, which can additionally be used to identify possible savings. GRU additionally provides several energy savings tips to help save energy, and finally offers a free home survey program, where trained staff will inspect a residence and its equipment at no charge and offer customized advice on how to make your home more efficient.<sup>11</sup>

GRU offers personal hardship extensions and extend-a-hand installment payments for customers who are experiencing an unexpected hardship, i.e. unexpected high bill, health issue, loss of employment, etc., where they take a portion of the bill and rebill it in monthly installments to assist the customer in paying the debt.<sup>12</sup> You might add that for Additionally, GRU advertises several community agencies who offer utility payment assistance, notably Catholic Charities, Community Action Agency, Florida Coalition for the Homeless, Gainesville Community Ministry, and Salvation Army.<sup>13</sup>

In addition to GRU, the Community Weatherization Coalition (CWC) is a grassroots community coalition made up of leaders throughout Alachua County whose mission is to improve home weatherization and energy efficiency for low-income households through education, volunteer work projects, and community building. Assistant City Manager Fred Murry represents the City of Gainesville on their Board of Directors along with personnel from GRU. Since 2008, the group has helped over 1,000 families save money on their yearly utility bills. The organization sends a professionally trained volunteer to perform comprehensive surveys of homes, and work with residents to review habits and recommend money saving changes. The group additionally makes changes such as installing energy efficient light bulb, water saving shower heads, and pipe insulation for water heaters and air conditioning units. The CWC also partners with other local housing rehabilitation agencies, including Rebuilding Together, the Central Florida Community Action Agency, and Alachua County Habitat for Humanity, to assist clients.<sup>14</sup>

Finally, when the pandemic hit and customers began to lose employment, as businesses shut down, GRU stopped all late fees and disconnections on March 16<sup>th</sup>, 2020. Late fees and disconnections began again at the end of July. However, disconnections were paused until the end of August, to allow customers to adjust to the change. During the month of July, GRU took the past due balance for each account, as it became due and set up a 6 month installment plan for each customer. GRU created 7,573 installment plans during this period. With customers being able to ask for additional installments, if needed.

### **Funding and Administration Considerations for Utility Assistance Programs**

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<sup>10</sup> <https://www.gru.com/MyHome/Content/BudgetPay.aspx>

<sup>11</sup> <https://www.gru.com/TabID/3641/Default.aspx>

<sup>12</sup> <https://www.gru.com/MyHome/ManageMyBill/PaymentAssistance.aspx>

<sup>13</sup> <https://www.gru.com/TabID/3607/Default.aspx>

<sup>14</sup> <http://communityweatherization.org/tune-up-application/>

In addition to the strategies discussed in the above section which are already in place, such as GRU fundraising money for assistance directly and distributing that money to third party organizations, there are additional options to be explored for funding and administering utility bill assistance programs. The first is to allocate money directly from the General Fund to be distributed to a third-party agency or organization that would then administer a utility bill assistance program. The second is to allocate a percentage of the utility tax to be distributed to a third-party agency or organization that would then administer a utility bill assistance program. The third is to allocate money from the American Rescue Plan funds to be distributed third-party agency or organization that would then administer a utility bill assistance program.

If these strategies are taken, the City would need to develop a policy for the program that would outline the criteria that applicants must meet to receive assistance, in addition to the criteria that the third-party organization administering the funds would have to meet. Further analysis needs to be done by the appropriate Charter(s).

## **PRELIMINARY RESEARCH AND FINDINGS**

### **LIFT-UP – St. Petersburg, Florida**

The National League of Cities established the program Local Interventions for Financial Empowerment Through Utility Payments (LIFT-UP) to assist families who are unable to pay their utility bills. In addition to connecting residents who are behind on their utility bills with financial empowerment services, this program additionally helps cities avoid the costs of using debt collectors or imposing repeated service shut-offs.

The program helps cities align local financial empowerment services with municipal utility debt collection practices by offering residents who are in debt to city-owned utilities an opportunity to restructure their outstanding balances and receive financial counseling and services to help them get back on track. For the program to work, the utility company identifies customers in delinquency status and at risk of shut-off and refers them to a financial empowerment provider to restructure the debt. A financial counselor then works with each customer to address their financial concerns, and refers them to other social services if needed. The financial counselor and customer determine a customized restructured payment plan, which is approved by the utility company. The city offers additional incentives to encourage the customer to make on time payments with respect to their payment plan, and maintains contact with the customer through the process. Finally, once the customer completes their payment plan they are no longer in delinquent status.

## City of Gainesville Policy Program Preliminary Research & Analysis Utility Bill Assistance

This program benefits both cities and residents, as the residents gain stronger financial skills and ongoing connections to financial empowerment services, while the city recoups lost revenue and reduces shut-off and collection costs.<sup>15</sup>

This program began in five pilot cities, including in St. Petersburg, Florida, and results showed that cities were better able to collect utility payments with less reliance on debt collection agencies or resorting to shutting off services to customers who participated in the program compared to those who did not. Additionally, participants were able to catch up on overdue bills and made more frequent, on time payments compared to individuals who did not participate.<sup>16</sup>

In St. Petersburg, whose program enrolled 100 participants, the participants saw a significant reduction in the average number of shut-offs compared to the control group, saw a lower proportion of accounts that were at risk for being shut-off, and additionally incurred about \$30 less in avoidable fees than customers in the control group.

The National League of Cities additionally created a blueprint to help determine if this program is right for your city.<sup>17</sup>

### **Weatherization – Knoxville, Tennessee**

Cities have additionally established weatherization programs to help upgrade residences within the city which are operating inefficiently to help individuals save on their utility bills.

The City of Knoxville, Tennessee partnered with several organizations to assist over 1,500 low-income households from 2016 to 2018 in becoming more energy efficient. The City partnered with the Knoxville Utilities Board, the Tennessee Valley Authority, the Knoxville-Knox County Community Action Committee, and the Alliance to Save Energy. The City, funded by a grant of approximately \$15 million from the Tennessee Valley Authority, brought these partners together to help low-income households struggling with utilities costs due to inefficient homes.

In addition to refurbishing homes with better heating and air units and insulation, the program also helped to educate participants so that they were equipped with knowledge on how to maximize savings with a more efficient home. These programs include informing residents on the most efficient temperatures to set heating or air conditioning systems and sharing information about the most efficient ways to save water when showering or running the washing machine.

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<sup>15</sup> <https://www.nlc.org/local-interventions-for-financial-empowerment-through-utility-payments-lift-up-0>

<sup>16</sup> <https://www.nlc.org/sites/default/files/users/user75/LIFT-UP%20City%20Profile%20St%20Petersburg%20121916.pdf>

<sup>17</sup> <https://www.nlc.org/sites/default/files/users/user75/LIFT-UP%20blueprint%20outline%20final.pdf>

## City of Gainesville Policy Program Preliminary Research & Analysis Utility Bill Assistance

In total, the energy efficiency programs are expected to save more than 6 million kilowatts annually, which is an environmental benefit equal to removing nearly 1,000 cars from the road each year.<sup>18</sup> Additionally, participants in the program report having saved around \$500 annually on their utility bills.

The City credits the success of the program to the successful partnership and collaboration with other organizations, but also believes that substantial research before starting the program is key. For instance, the City of Knoxville started by researching where the oldest homes in the city were located, and where they overlaid with the high utility usage areas, low income areas, and areas with people of color. The City ultimately found that the most inefficient homes were also the homes most likely to be inhabited by low income individuals, and this program thus additionally helped assist low income residents with their utility costs.<sup>19</sup>

As discussed in the earlier section, the Community Weatherization Coalition is a weatherization program currently operating in Alachua County. The City of Gainesville has several options for partnering with CWC to implement a more expansive weatherization program, notably through the provision of data and resources. The City of Gainesville may be able to collect data, or provide existing data, to CWC and other partners to enable these organizations to work more efficiently and effectively. Additionally, any resources provided by the City of Gainesville to the CWC could enable the organization to help assist more residents throughout the region.

### **Discount Programs**

Some cities have additionally offered discount programs on utility bills to residents who meet certain qualifications.

In Seattle, Washington, the City offers a discount program if your household income is at or below 70% of the state's median income. If you are eligible, the City offers a discount of 60% on the Seattle City Light bill and a 50% discount on your Seattle Public Utilities bill. To be eligible for this program, you must be the homeowner or renter of your property, you must have a Seattle City Light or Seattle Public Utilities bill in your name, and your total household income in the one-month period prior to applying cannot be more than a set amount.<sup>20</sup>

The City of Austin, Texas, offers a Customer Assistance Program (CAP) Discounts program, which offers a utility bill discount to customers on low or fixed incomes who participate in certain assistance programs. CAP Discounts can help reduce utility bills an average of \$650 a year, and individuals can qualify for waivers and discounts including an Electric Service waiver, a discount on the total electrical usage, a Water Service waiver, a Wastewater Service waiver, a Drainage Fee waiver, and more. In order to be eligible for this program, at least one member of the household must participate in Medicaid, SNAP, CHIP, Telephone Lifeline Program, the Travis County Comprehensive Energy Assistance Program,

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<sup>18</sup> [http://knoxvilletn.gov/archived\\_news\\_stories/2018/partnership\\_for\\_weatherization\\_earns\\_award](http://knoxvilletn.gov/archived_news_stories/2018/partnership_for_weatherization_earns_award)

<sup>19</sup> <https://medium.com/@BloombergCities/how-knoxville-is-making-low-income-housing-more-energy-efficient-de36ecda4051>

<sup>20</sup> <https://www.seattle.gov/utilities/services/my-account/payments-and-bills/utility-discount-program>



the Medical Assistance Program, SSI, or Veterans Affairs Supportive Housing.<sup>21</sup> This program is funded by the City of Austin, and the City of Austin further determines the eligibility requirements for the program.

Similarly, the City of Columbus, Ohio, offers a Low Income Discount Program, where eligible participants can receive a discount of 20% off water and sewer usage charges. Additionally, income qualified persons aged 60 and older can qualify for a discount on their 10% electric and water bills. The income requirements for both of these programs are based on the Federal Poverty Level.<sup>22</sup>

## PRELIMINARY COST/BENEFIT ANALYSIS

### Disadvantages

- Additional Funding
- Determining which households qualify for assistance
- GRU/City of Gainesville would see a decline in profit/income

### Advantages

- Assisting low-income individuals
- Reduce the amount of unpaid utility bills
- Reduce costs of service shut-offs and debt collector fees

## PRELIMINARY AND ILLUSTRATIVE LIST OF POTENTIAL STAKEHOLDERS

- Gainesville Regional Utilities
- Alachua County Department of Social Services
- Catholic Charities
- Community Action Agency
- ElderCare of Alachua County
- Florida Coalition for the Homeless
- Gainesville Community Ministry
- Salvation Army
- Home Energy Assistance Program
- Habitat for Humanity
  - Weatherization programs
- Elderly Home Energy Assistance
- FEMA
  - Occasionally provides non-disaster related living assistance
- Weatherization Assistance Program
- National League of Cities

<sup>21</sup> <https://austinenergy.com/ae/residential/your-bill/customer-assistance-programs/cap-discounts/cap-discounts>

<sup>22</sup> <https://www.columbus.gov/utilities/customers/Utility-Discount-Programs/>