AGENDA COORDINATION FORM  
Bexar County Commissioners Court

Type of Agenda Item (Choose one): Ceremonial  ☐  Special Presentation  ☐  Time Certain  ☐  Consent  ☐  Individual  ☑

Sponsoring Office/Department: Economic Development  Recipient Agency / Individual Name:

Contact Person: Virginia Jimenez  Phone Number: 210-335-3704  Court Date Requested: February 20, 2024

Presenter: David Marquez  Phone Number: 210-335-0661  Deadline for Action: February 20, 2024

Audio / Visual Presentation:  Y ☑  PowerPoint? Y ☑  ADA Assistance Required (type):  No

Official/Department Head Signature: 

CAPTION:
Approval of request from Economic and Development Department (ECD) of $3.6 million in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) funding for a Supplemental Low-Income Household Energy Assistance Program (SLIHEAP) to ensure sufficient utility assistance resources are available for qualified Bexar County residents, to expend beginning March 1, 2024 and ending February 28, 2025, to include any appropriate budget transfer necessary.

ESTIMATED PRESENTATION TIME:  10 min

BACKGROUND:

ARPA/SLFRF funds will allow Community Impact Division (CID) to transition and manage the decline of Low-Income Household Energy Assistance Program (LIHEAP) grant funding as Coronavirus disease (COVID) continues to affect the Bexar County community.

ECD has administered the Comprehensive Energy Assistance Program (CEAP) since 1993. This program uses federal funds through the LIHEAP to assist very-low-income households to pay their electric and natural gas energy bills. These funds are distributed through the Texas Department of Housing and Community Affairs (TDHCA).

During the last 10 years, we have received a CEAP grant awards averaging $8,335,284 annually to assist qualified Bexar County households and individuals with their utility assistance.

Since January 1, 2021, the utility assistance program received supplemental grant funding to assist COVID impacted Bexar County households and individuals with utility assistance. In program year 2023, we received $13,705,149, our 2024 funding amount of $6,509,673 is a decrease of 47% in Bexar County utility assistance program.

Residential Energy Assistance Partnership (REAP) was established in 2002 through a partnership between CPS Energy, the City of San Antonio, and Bexar County. City Public Service (CPS) Energy contributes $1 million annually directly to the REAP fund and works throughout the year to raise additional funds for the program. CPS Energy handles the program's marketing, fundraising, and back office administrative requirements. The City of San Antonio and Bexar County handle the application process.

COVID-era utility assistance fund levels were higher than the usual CEAP funding levels, and these funds had aggressive expenditure milestones. As a result, CID prioritized the use CEAP and COVID-era CEAP allocations, leaving REAP balances largely untouched. (Unlike federal funds, REAP program funds rollover to the following program year.) As a result, the current REAP balance for the County program is $3,169,304. This year, the program should receive additional contributions from CPS Energy, usually around $1 million.

REAP is a valuable utility assistance supplement for County-zone residents. There are some limiting factors:

- Unlike CEAP, the County is not provided with program administrative costs for the application process.
  - CEAP regulations are restrictive, making it challenging for the County to administer REAP using CEAP-funded staff and business processes.
- CEAP allows the County to expend 7.22% on administrative expenses, and additional 3.29% for program support expenses, but these are limited to staff time dedicated to CEAP program activities.
- REAP benefits are limited to a maximum $400 per household per year.
RECOMMENDED MOTION:

Approval of request from Economic and Development Department (ECD) of $3.6 million in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) funding for a Supplemental Low-Income Household Energy Assistance Program to ensure sufficient utility assistance resources are available for qualified Bexar County residents, to expend beginning March 1, 2024 and ending February 28, 2025, to include any appropriate budget transfer necessary.
<table>
<thead>
<tr>
<th></th>
<th>FISCAL ASSESSMENT: APPLICABLE</th>
<th>Yes ☒ No ☐ Fiscal Note ☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Is this a revenue or expense?</td>
<td>Revenue ☐ Expense ☒</td>
</tr>
<tr>
<td>2</td>
<td>Dollar amount of revenue or expense associated with item?</td>
<td>$3,600,000</td>
</tr>
<tr>
<td>3</td>
<td>Is this a budgeted revenue or expense?</td>
<td>Yes ☐ No ☒</td>
</tr>
<tr>
<td>4</td>
<td>Does this item require additional staff?</td>
<td>Yes ☐ No ☒</td>
</tr>
<tr>
<td>5</td>
<td>Will this increase your current budget?</td>
<td>Yes ☒ No ☐</td>
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<tr>
<td>6</td>
<td>Impact on future Budget? If Yes, Explain in Comments.</td>
<td>Yes ☒ No ☐</td>
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<tr>
<td>7</td>
<td>Current End-of-Year Expenditure Estimate for impacted Object Code(s)?</td>
<td>$3,600,000</td>
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<tr>
<td>8</td>
<td>If an expense, what is the current Object Code budget amount?</td>
<td>$3,600,000</td>
</tr>
<tr>
<td>9</td>
<td>If an expense, are sufficient funds currently budgeted in the Object Code?</td>
<td>Yes ☐ No ☒</td>
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<tr>
<td>10</td>
<td>If an expense, are sufficient funds currently budgeted in the Appropriation Unit?</td>
<td>Yes ☐ No ☒</td>
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<tr>
<td>11</td>
<td>List impacted offices or departments or note if countywide:</td>
<td>Economic Department</td>
</tr>
<tr>
<td>12</td>
<td>Company:</td>
<td>817- ARPA</td>
</tr>
<tr>
<td>13</td>
<td>Accounting Unit / Account Category:</td>
<td>9999- Non-Departmental</td>
</tr>
<tr>
<td>14</td>
<td>Activity:</td>
<td>AR2121999902- Supplemental LIHEAP</td>
</tr>
<tr>
<td>15</td>
<td>If this is a grant, what is the estimated amount of program income?</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>If this is a grant, what is the amount of Grantor funding?</td>
<td></td>
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<tr>
<td>17</td>
<td>If this is a grant, what is the required County cash match?</td>
<td></td>
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<tr>
<td>18</td>
<td>If this is a grant, what is the required County in-kind/allocation match?</td>
<td></td>
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<tr>
<td>19</td>
<td>If this is a grant, was item approved by the Grant Review Committee?</td>
<td>Yes ☐ No ☐</td>
</tr>
<tr>
<td>20</td>
<td>Comments: This agenda item seeks approval of the American Rescue Plan Act (ARPA) funding from the Economic and Development Department (ECD) in the amount of $3,600,000. The funding will assist with retaining staffing levels and ensuring sufficient utility assistance resources for Bexar County residents. Suffient funding does not exist within this activity—an appropriate budget transfer of $3,600,000 will be processed from ARPA Unallocated to Supplemental LIHEAP activity upon approval of this item.</td>
<td></td>
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<tr>
<td>21</td>
<td>Coordinated by: Virginia Jimenez</td>
<td>Verified By: Iris Soto 2/20/2024</td>
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</table>
February 2, 2024

Dear Judge and Commissioners,

The Economic and Development Department (ECD) is requesting an allocation of $3.6M in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) funding to ensure sufficient utility assistance resources are available for qualified Bexar County residents.

Background
ECD has administered the Comprehensive Energy Assistance Program (CEAP) since 1993. This program uses federal funds through the Low-Income Household Energy Assistance Program (LIHEAP) to assist very-low-income households to pay their electric and natural gas energy bills. These funds are distributed through the Texas Department of Housing and Community Affairs (TDHCA). Eligible families must earn less than 150% of the Federal Poverty Level standard set by the US Department of Health and Human Services (HHS). For 2024, this means a household of four must earn no more than $46,800 per year. CEAP prioritizes families with children under the age of six (6), elderly residents over 60 years old, individuals with disabilities, and households who pay more than 11% of their total income towards their utility bills. As a US Federal program, households who qualify must meet US citizenship requirements.

CEAP 2024 Program Status and Funding Demand
For 2024, Bexar County was awarded $6,509,673 in CEAP funds. This represents a substantial drop from the 2023 total CEAP funding of $13,705,149. The 2023 amount included a substantial level of additional funds to address the lingering effects of the COVID-19 pandemic on these vulnerable populations. However, the 2024 award is also lower even than the 10-year average CEAP award of $8,749,152.

Several factors are combining to increase the pressures on these vulnerable families. On top of the general economic inflation on basic living expenses, San Antonio had record heat in 2023, with 75 days over 100 degrees in 2023, seven (7) in a row over 105 degrees. (In 2022, the number of days over 100 was 58.) Recent colder winters are also a factor: in 2023, San Antonio recorded 10 days under 35 degrees. For 2024 to date, 10 days with lows below 35 degrees have already been recorded. Recently approved City Public Service (CPS) Energy rate hikes took effect in February 2024.
ARPA Grant Request and General Fund Allocation

ECD Community Impact Division (CID) is requesting an ARPA allocation of $3.6M. These funds will allow the department to achieve several goals:

1. The decrease in available client benefit funds will be reduced.
2. CID will be able to retain staffing levels sufficient to expend these funds.
   - In the event additional CEAP funds are received later in the program year, CID can respond rapidly without having to repost, rehire and train staff.
3. The Department will be able to draw down additional client benefit funding from CPS Energy's Residential Energy Assistance Program (REAP).

Additionally, ECD is also requesting General Funds sufficient to pay for the CEAP portion of salaries for eight (8) ECD staff who provide only indirect support for CEAP. For 2024, the fiscal impact to the General Fund would be $105,583. This will preserve all the available CEAP 2024 funds for direct CEAP program expenses.

ARPA Utility Assistance Grant Program Design

- To ensure compliance with ARPA requirements to serve qualified COVID-impacted families, CID will use the ARPA funding only for households in Qualified Census Tracts. These families are “deemed eligible” because they live in areas of deep persistent poverty, so COVID impact is assumed. This will facilitate the expenditure of these funds and help to preserve the CEAP funding for qualified residents who live elsewhere in the County.
- CID will apply the same administrative and program support cost allocations as CEAP in administering the ARPA funds.
- CID will apply the same eligibility qualifications and qualification process as CEAP.

The ARPA funds would provide an additional estimated $2.88M in direct client support for eligible households earning at or below 150% FPL.

Residential Energy Assistance Program (REAP) Drawdown

According to the CPS Energy website, “REAP was established in 2002 through a partnership between CPS Energy, the City of San Antonio, and Bexar County. CPS Energy contributes $1M annually directly to the REAP fund and works throughout the year to raise additional funds for the program. CPS Energy handles the program’s marketing, fundraising, and back office administrative requirements. The City of San Antonio and Bexar County handle the application process.”

COVID-era utility assistance fund levels were higher than the usual CEAP funding levels, and these funds had aggressive expenditure milestones. As a result, CID prioritized the use CEAP and COVID-era CEAP allocations, leaving REAP balances largely untouched. (Unlike federal funds, REAP program funds rollover to the following program year.) As a result, the current REAP
balance for the County program is $3,169,304 dollars. This year, the program should receive additional contributions from CPS Energy, usually around $1M. REAP qualifications differ from CEAP in several important factors:

- REAP households must have income at or below 125% of Federal Poverty Level (FPL); CEAP is 150% FPL.
  - For a family of four, this is $39,000 per year.
- REAP does not require proof of US citizenship.
- The County may only use its REAP allocation for households in the Bexar County zone (i.e., any portion of Bexar County that is not in the City of San Antonio.)
- REAP applicants must meet at least one of the following:
  - age 60 or older,
  - disabled,
  - have children under age 16 living in your home, or require critical-care equipment.

REAP is a valuable utility assistance supplement for County-zone residents. There are some limiting factors:

- Unlike CEAP, the County is not provided with program administrative costs for the application process.
  - CEAP regulations are restrictive, making it challenging for the County to administer REAP using CEAP-funded staff and business processes.
- CEAP allows the County to expend 7.22% on administrative expenses, and additional 13.29% for program support expenses, but these are limited to staff time dedicated to CEAP program activities.
- REAP benefits are limited to a maximum $400 per household per year.

REAP Drawdown Proposal

CID proposes to draw down the REAP balance by a minimum of $2M, and to deploy these funds to support REAP-eligible households in the County zone. To achieve this, CID proposes:

- to use a portion of the requested $3.6M in ARPA funding to fund administrative and program support costs (approximately $720 thousand dollars) which will be used to fund CID staff dedicated to the REAP program,
- to request that CPS Energy and the REAP board act to allow a one-time increase in the annual benefit for REAP eligible families for arrears and current CPS Energy bills and,
- to increase outreach efforts and partnerships in the County zone to identify and serve as many eligible residents as possible.

These actions will be taken between the approval of the grant request and the end of 2024. By accelerating the use of the REAP program, CID will be able to deploy the REAP balances that built up during the pandemic. This action will also further preserve CEAP funding for all other
eligible Bexar County residents. CPS Energy will also benefit by helping their lowest income customers to catch up from the lingering impact of the pandemic, as well as the other inflationary economic trends these vulnerable households are facing.

General Fund Cost Reallocation
ECD has eight (8) non-CID employees who receive a small portion of their salaries from CEAP. ECD requests these costs be reallocated to the General Fund to preserve the limited CEAP funds received this program year.

Other Considerations
It is feasible that additional CEAP funds will be provided some time in 2024 through the normal LIHEAP process, either as additional allocations, or reallocations from other CEAP programs who are not meeting their spend-down milestones. CID proposes to move these funds exclusively to direct client benefits, providing additional relief for eligible households.

ECD is aware that further ARPA reallocation opportunities may arise from the County's SLFRF funding and is prepared to expend these funds for additional utility assistance, should such funds become available without additional administrative allocations.

ECD recognizes that all COVID-era funding will soon come to an end. To mitigate the need for a reduction of grant-funded County positions within CID, the Department will develop a strategy to manage the impact of further grant reductions on staffing levels.

Finally, ECD has been working with BCIT to replace its COVID-era support software (Apricot) with a new application that is more tailorable to the County/CPS Energy business processes. Apricot is not as efficient as the County's previous software solution, so the aim is to recreate the efficiency of the previous County solution, while providing required features (such as an online application) that were previously not available in the legacy solution. The requested ARPA grant will allow additional time for this software solution to be developed and deployed.

Your leadership and direction to serve the greater Bexar County community is greatly appreciated.

With your support,

David E. Marquez
Executive Director