



City of Rialto

Legislation Text

File #: 22-733, **Version:** 1

For City Council and Rialto Utility Authority Meeting [August 9, 2022]

TO: Honorable Mayor and City Council

APPROVAL: Marcus Fuller, City Manager

FROM: Thomas J. Crowley, P.E., Utilities Manager

Request City Council/Rialto Utility Authority Board to End the Moratorium on Water Disconnections and Late Penalties for Water and Wastewater Accounts that are in the Arrears in Accordance with SB 998 Requirements Effective January 1, 2023.

(ACTION)

BACKGROUND

On March 12, 2020, the City Council adopted Resolution 7600 declaring a local emergency in response to the COVID-19 outbreak. In the action, staff indicated that the item would be brought back to the City Council for updates at each City Council meeting for the duration of the local emergency. The City Council received an update on and approved continuation of the local emergency at each City Council meeting since the adoption of the Resolution.

Since the City's declaration of a local emergency and actions on March 16, 2020, there have been significant directives from the State of California and the San Bernardino County Department of Public Health. All orders were resolved on June 15, 2021, as the State of California began a process to roll back all Emergency Orders and effectively reopened the state to all sectors without COVID-19 restrictions for those persons that are fully vaccinated. There have been significant changes in the impact of COVID-19 on the community since State's rollback of specific COVID-19 protections.

One of the State's orders implemented a moratorium on water shut offs that extended through December 31, 2021.

In June of 2021, the California Public Utilities Commission (CPUC), in ongoing efforts to ensure continued access to essential utility services during the COVID-19 pandemic, suspended disconnections of residential and small business customers through September 30, 2021. This provided time for energy utilities to notify customers of a new CPUC solution to resolving COVID-19 era utility bill debt, which provides residential customers two years over which to pay off deferred energy bills, with help anticipated to become available in the California state budget. Similar relief was ordered for small businesses.

Under this Decision, customers of the large investor-owned utilities with arrearages over 60 days old were automatically enrolled in 12-24-month payment plans. There was an opt-out provision for customers who did not want to be enrolled in the payment plans.

On March 8, 2022, the Rialto City Council authorized Rialto Water Services (RWS) and City staff to begin the implementation of an Automatic Payment Plan for accounts with water and wastewater arrearages that are 90 days and older. Over the last several months RWS has worked with its Customer Service Department and their billing software vendors to develop the process of adding the payment plan amounts to the customer's bill. Now that this is complete, RWS will be issuing payment plans to customers in August and September of 2022.

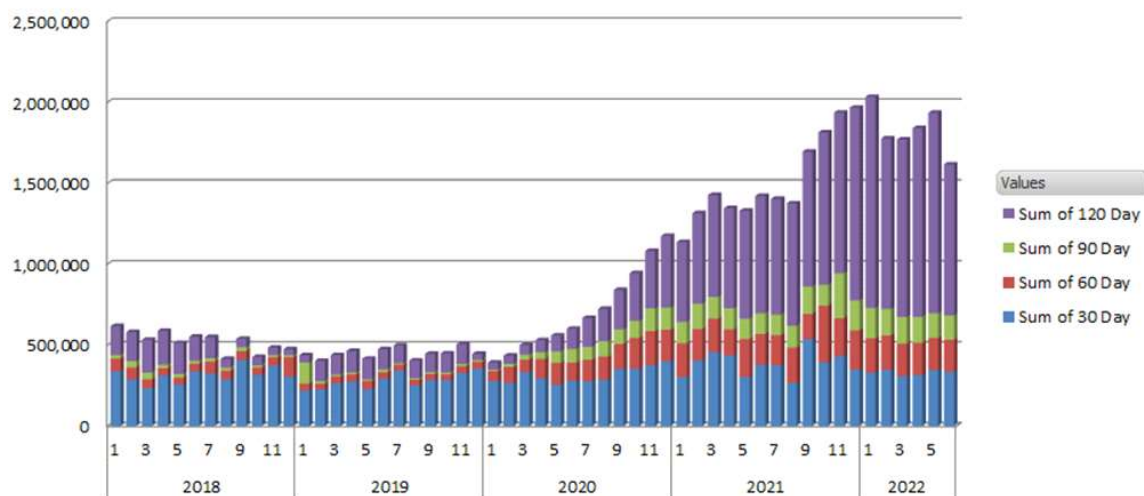
Currently, the City continues its moratorium on shutting off water service or assessing late fees or penalties for nonpayment.

ANALYSIS/DISCUSSION:

RWS, through its operations contractor Veolia, is keeping track of delinquent accounts for water and sewer services. Specifically, it tracks aging accounts which are 30, 60, 90 120 days overdue. Below are graphs showing the monthly trends for the amounts of the arrearages and the number of delinquent accounts since January 2018, before the start of the COVID-19 pandemic, through June 2022.

As a comparison, below are tables that show the amounts of the arrearages and the number of delinquent accounts at the end of the fiscal year, ending in 2018 through 2022.

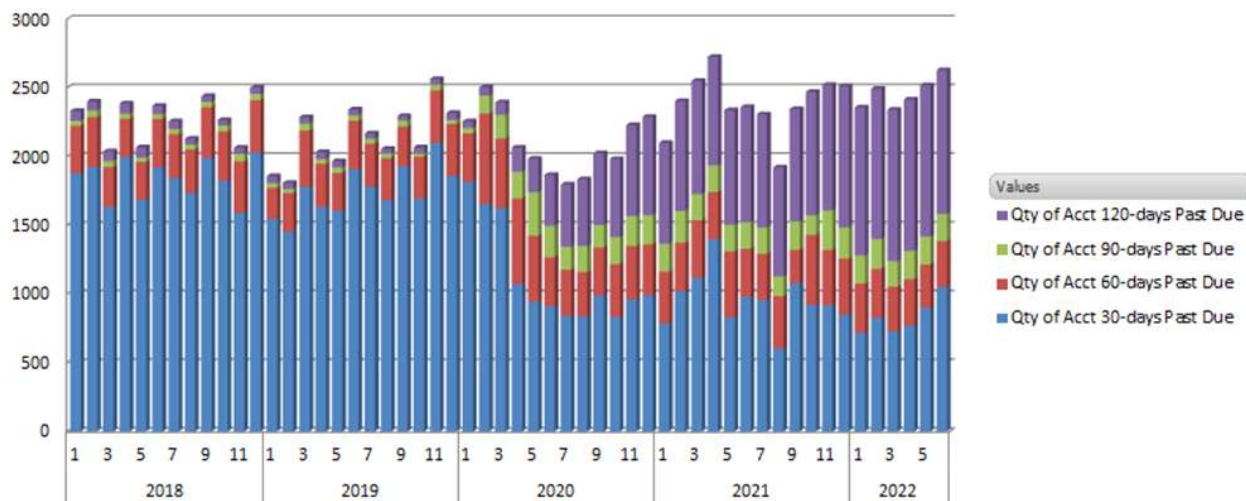
Delinquent Amount (Res and Commercial Water & Sewer)
(Excluding Sewer Only Customer)



	June 2018	June 2019	June 2020	June 2021	June 2022
30-days Past Due	1,918	1,905	910	978	1,051
60-days Past Due	354	353	356	350	331
90-days Past Due	35	41	229	192	199
120-days Past Due	62	43	370	840	1,046
	2,369	2,342	1,865	2,360	2,627

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As a result of the COVID-19 pandemic, shut-off and penalty moratorium were enacted in April 2020 to ensure continuous water service to residents throughout the City. Before the start of the pandemic, there were 2,369 delinquent accounts totaling \$550,000. As of the end of June 2022, delinquent balances increased to \$1.6 million with 2,627 accounts remaining delinquent. The overall delinquency balance from the start of COVID-19 through June 2022 more than tripled in amount with a total increase of 193%. However, the quantity of delinquent accounts only increased by 10.8% since the start of the pandemic.

This confirms that the overall delinquency balance is due to an increase of time allowed for the pre-COVID delinquent customers to not be shut-off and penalized for non-payment of services received. The data also confirms that most customers whose accounts were in good standing prior to COVID, remained in good standing during the duration of the moratorium. In order to decrease delinquencies and lessen the impact on the customers when the moratorium ends, the City is enacting proactive measures to allow customers to catch up on delinquent amounts by initiating an automatic payment plan for customers that are 90 days or more past due.

Below are some of the other programs that the City has undertaken or taken advantage of to lessen the impact on customers and their outstanding arrearages.

Stater Water Resources Control Board Water And Wastewater Arrearages Program - During the first half of 2022, The California State Water Resources Control Board has provided funds for the California Water and Wastewater Arrearage Payment Program using Federal American Rescue Plan Act (ARPA) fund in the amount of \$383,280 for water and \$525,885 for wastewater. These funds

totaling \$909,165 have been applied to qualified customers as a credit to their account.

Community Development Block Grant CARES Act (CDBG-CV) - In response to the harsh economic impact that COVID-19 has had on residents, the Rialto Rental/Mortgage and Utilities Assistance program offers housing and utility assistance payments to Rialto residents. Rialto residents can apply for a maximum of \$2,000 per month (\$6,000 total) for up to three (3) consecutive months for rent or mortgage assistance, and/or a one-time utility to help renters and homeowners in the City.

Previously approved applicants may re-apply for any remaining eligible balance up to the total maximum amount allowed, provided the new application is received within three months of the previously approved application. Financial assistance will be offered to low/moderate income households meeting the Housing and Urban Development (HUD) guidelines who rent/own in the City and have experienced loss of income due to the COVID-19 pandemic.

The grant program is made possible with federal Community Development Block Grant CARES Act (CDBG-CV) funds from the Department of Housing and Urban Development (HUD), therefore residents must meet all requirements to be eligible for the program. Applications are processed on a first come, first served basis until all funding is allocated (No Deadline Date). Payments will be made directly to landlords/mortgage provider/mortgage servicer/utility companies. Mortgage payments are for the monthly amount of principal and interest only, late fees are not eligible.

Low Income Household Water Assistance Program - One of the programs that will assist customers in paying their utility bills is the Low-Income Household Water Assistance Program (LIHWAP). This program is a CalHHS (Health and Human Services) program, which is administered by CalCSD (Community Services and Development), a branch of CalHHS. Horne LLC has been contracted as the "Funds Disbursement Partner".

RWS has enrolled in the program for the City of Rialto. Primary contacts are Nancy Jackson, Veolia Customer Service Supervisor) and Rolf Ohlemutz, RWS General Manager.

The Program will disburse \$87 million starting 6/3/22 until funds run out but not after 8/15/2023. Maximum disbursement per household is \$2,000. Disbursement covers water and wastewater past-due charges, current charges, late fees, wastewater collected on the tax roll, and remaining balances of customers on payment plans. The program will even accommodate rental agreements structured to include the owner's water and wastewater costs.

The outreach for the program and the determination of eligibility for customers will be provided by CalCSD's system of LSPs (Local Service Providers). The LSP for Rialto is the Community Action Partnership of San Bernardino County. Eligible households are those who are current recipients of Food Stamps, TANF (Temporary Assistance for Needy Families) or LIHEAP. Eligibility may also be based on a household income of 60 percent of the State Median Household Income (\$48,264 annually based on 2021 Median). RWS will also provide flyers to promote this program to its customers.

Payment Plan Program - Below are the steps that staff is taking to implement the automatic payment plan program.

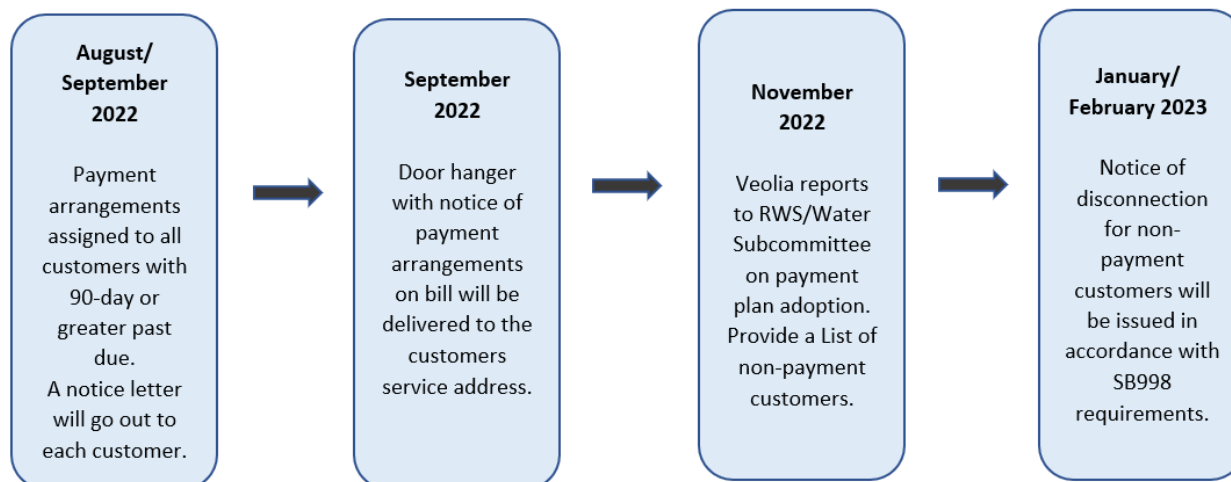
- Enroll all customers with past due balances of 90-days or greater on a 12-month automatic payment plan program. As of the end of June 2022, there are a total of 1,245 accounts with both water and wastewater with delinquent amounts.
- There will be an opt-out provision for customers who do not want to be enrolled in the payment plans. Nothing prevents customers enrolled in payment plans from applying funding from relief programs, accelerating payments, or paying off entirely their utility arrearage to better fit their own circumstances.
- If amount stated in the payment plan is not paid, payment arrangement program for that customer will end.
- Manage & monitor status of the active payment plans including the additional plans to be added.
- Handle increased inbound calls related to this program, including questions regarding customers wanting to pay in full or extend the length of payment plan.
- This scope will enhance the payment plan process rolled out by the City by including the monthly payment plan amounts on their bill.
- Once the payment plans have been initiated and time has elapsed, RWS will monitor the accounts and arrearages. If customers choose not to participate in the payment plans and continue to not pay down their arrearages, then steps will be taken to begin the shut off process.

This payment arrangement will be rolled out during the month of August 2022. Below is the timeline of the steps that will be take.

August	September	October	November	December	January	February
Create payment Arrangement and first bills go out					Accounts with payment arrangements balance aged r than 60 days pas due following 98 potential disconnection will go out	After 7-business days have lapsed since the notice following 98 requirements disconnections will occur
	Allow customer to contact CS center of pay off notices extend t payment arrangement					
		Customer starts to pay current and payment arrang				

In addition, staff has created a flyer (see below and included as **Attachment 1**) that will be posted on all social media forms that the City and RWS use to help promote the payment plan program and notify the customers of the steps that will be taken.

Automatic Payment Plan Implementation and SB 998 Water Shut Off Administration



This item was presented to the Water Subcommittee (Mayor Robertson / Mayor Pro Tem Scott) at the July 27, 2022, meeting. The Water Subcommittee recommends the City Council consider rescinding the moratorium on disconnections and penalties for late or non-payment. This would apply to all accounts that opt out on payment plans and have not paid their outstanding amounts.

ENVIRONMENTAL IMPACT

The requested City Council action is not a "Project" as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

GENERAL PLAN CONSISTENCY

Approval of this action complies with the following:

Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

In addition, approval of this action complies with the City of Rialto General Plan Goals and related Policies:

Policy 3-6.3: Require an increasing level of public safety infrastructure and service capability tied to population increase and increasing service demand.

LEGAL REVIEW

The City Attorney has reviewed and recommends approval of the staff report.

FINANCIAL IMPACT:

Currently the City is not shutting off water service or assessing late fees or penalties for nonpayment. If a customer elects to not participate in the automatic payment plan program, the City will not turn off the water services for non-payment until the moratorium ends.

As of the end of June 2022, the City has accumulated approximately \$1.6 million of delinquent amounts from customers who have both water and wastewater services. This amount includes the credits from the State Water Resources Control Board Arrearages Program in the amount of \$383,280 for water and \$525,885 for wastewater.

By implanting this automatic payment plan program, the water and wastewater fund would begin to see customers paying their delinquent amounts, thereby reducing the amounts owed to the City. This action is critical to preserving the financial stability of both the Water and Wastewater Funds.

RECOMMENDATION

Request City Council/Rialto Utility Authority Board to End the Moratorium on Water Disconnections and Late Penalties for Water and Wastewater Accounts that are in the Arrears in Accordance with SB 998 Requirements Effective January 1, 2023.