



City of Rialto

Legislation Text

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For City Council and Rialto Utility Authority Meeting [September 13, 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 has begun issuing payment plans to customers currently in arrears, starting August 16, 2022, for inclusion in the subsequent billing cycle. One billing cycle comprises 4 mailings, each a week apart. The fourth and last generation of payment plans is on September 6, 2022. By mid-September, all customers in arrears (90+ days) will have received a bill with an automatic payment plan.

Prior to receiving payment plans on the bills, customers in arrears (90+ days) will receive a letter alerting them to the payment plan. This letter also contained information about Low-Income Household Water Assistance Program (LIHWAP), which is a currently available financial assistance program for water and wastewater utility bills. The same letter and LIHWAP official flyer will be delivered as a door-hanger to all customers enrolled in automatic payment plans prior to the due date of the first payment under the payment plan.

With respect to payment plans being issued to 90+days customers in arrears, Veolia's past practice was to advise customers of the availability of payment plans prior to initiating the process to shut off water service. What will happen now is that customers in arrears (90+ days) will be automatically enrolled in the payment plan that is identified in their regular bill.

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

ANALYSIS/DISCUSSION:

On August 9, 2022, Staff presented this item for City Council's consideration. At that time, the City Council had several questions requiring further review. Below is an outline of the various questions and answers.

1. What efforts were made in creating a bridge with CDBG-CV Program in notifying residents of financial assistance programs available?

Staff and RWS coordinated with the City's CDBG consultant (Avante Garde) to identify the residents that would qualify for this program. Utility Customer Service Department provided the addresses of all water and sewer customers in the City. This list was then cross referenced with the Census Blocks data for Disadvantaged Community Areas. Based upon this work 2,000 plus postcards were mailed out to City residents notifying them that they can apply for utility and mortgage assistance. Qualifying residents received a maximum of \$2,000 per month for up to three months for rent or mortgage assistance, and/or a one-time utility to help renters and homeowners in the City.

As of the end of August, \$542,000 was allocated to qualifying applicants and a remaining balance of \$218,000 is encumbered for 72 remaining open applications. Staff and RWS coordinated to link City

residents with utility arrearages to the financial assistance programs available.

2. Show a separation between Residential and Commercial when reporting data.

The following Table identifies the number of utility accounts based on residential vs. commercial, and by sewer-only and combined water/sewer accounts. The Table also identifies the total delinquent amount for each account type.

AUTOMATIC PAYMENT PLANS ISSUED			
Service	Account Type	Quantity	Amount
Sewer Only	Commercial	4	89,221.10
	Residential	225	115,644.07
Water & Sewer	Commercial	60	137,929.85
	Residential	1,031	1,468,372.64
Total		1,320	1,811,167.66

3. How are other Agencies dealing with the Moratorium issue, specifically West Valley Water District?

West Valley Water District (WVWD) is in the process of evaluating the lifting of the moratorium on water shut-offs. They have experienced an increase in arrearages in the amount of \$1.3 million due to the COVID-19 pandemic with \$700,000 in the 120 days past due category. WVWD has started a payment plan program to customers that are 30 days or more past due. The payment plan is not automatic but at the request of the customer. Customers were notified of the payment plan option via a postcard and are encouraged to enroll in a payment plan if their account is 30 days past due.

Cucamonga Valley Water District, East Valley Water District, Monte Vista Water District and City of San Bernardino Municipal Water Department have all rescinded their respective water shut-off moratoria. City of Colton is not experiencing the water shut-off issue because they have one combined utility bill for electricity, water, sewer, and trash.

4. It was questioned that the numbers presented in the charts during the meeting on August 9, 2022, look different from what was presented at the Water Subcommittee meeting on May 25, 2022.

The charts presented at the Water Subcommittee meeting on May 25, 2022, reflected *sewer only* Tax Roll accounts. The charts in the staff report on August 9, 2022, represents *water & sewer* delinquent accounts, two different but related issues. The item discussed at the May 25, 2022, Water Subcommittee meeting was related to the annual tax-roll levy for delinquent sewer-only accounts. As part of that discussion, RWS reported that on average over the prior 3 years (2019 - 2021) there were 1,304 delinquent sewer-only accounts placed on the tax roll, with 829 (64%) delinquent in each of those years, 288 (22%) delinquent two of those years, and 279 (21%) delinquent only one year. Based on these statistics, the recommendation made to City Council, and the action taken on June

28, 2022, was to levy the delinquent sewer-only accounts but excluding the 329 accounts in 2022 that were delinquent for the first time in the last 3 years.

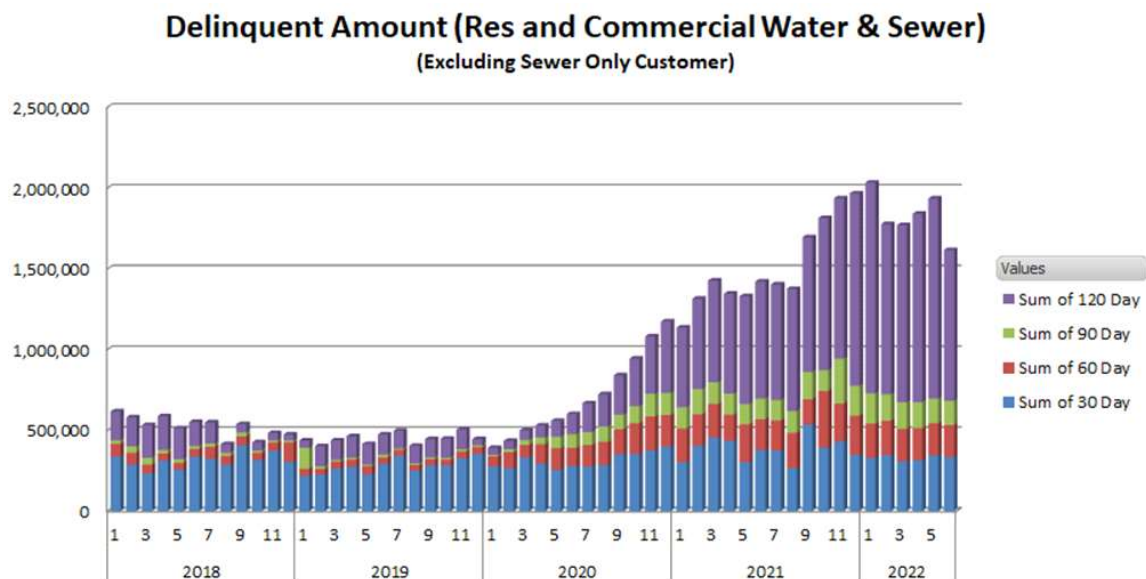
5. Fairness in handling of water and sewer customers and sewer only customers in West Valley Water District and Fontana Water Company Service Area.

This was a valid point made by City Council, in that sewer-only customers have not previously been offered an automatic payment plan. Given the service cannot be physically shut off, past practice has been to levy all delinquent sewer-only customers on the property tax roll. Commencing this year, with the City Council's action to exclude first-time delinquent sewer-only customers from the tax roll, Staff has coordinated with RWS to provide payment plans to these customers. A follow up review will be performed to determine how many of these first-time delinquent customers do not make payments, allowing for Staff to return in 2023 to resolve the non-payment via the tax roll process.

Payment Trends

RWS, through its operations contractor Veolia, is monitoring all the delinquent accounts for water and sewer services. Specifically, Veolia monitors the 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.

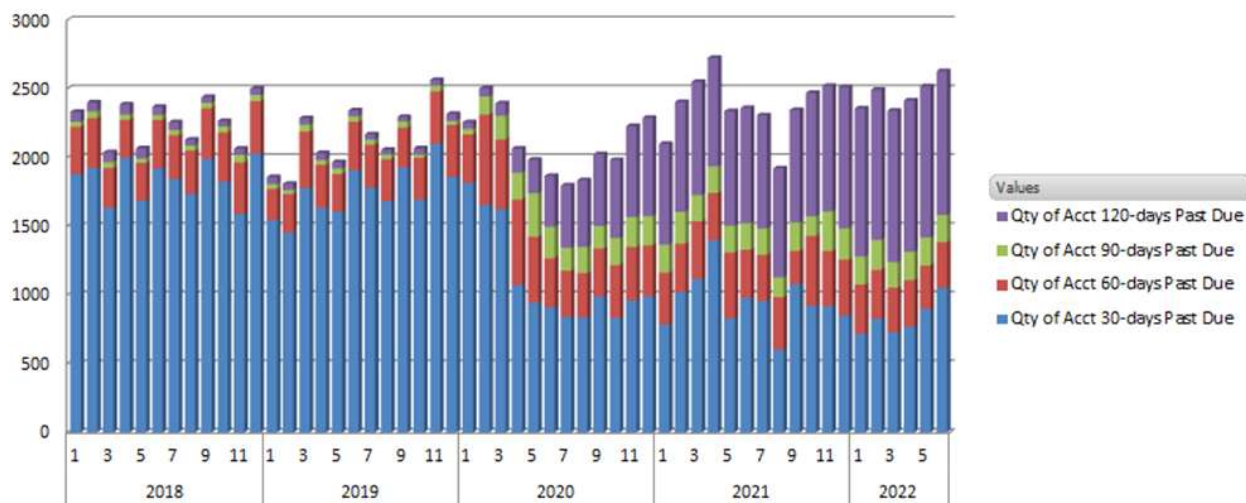


As shown in the purple bars in the graph above, there is a significant increase in the number of accounts 120+ days delinquent starting in late 2020. The number of accounts 30 days delinquent has remained relatively unchanged between 2018 and 2022.

	June 2018	June 2019	June 2020	June 2021	June 2022
30-days Past Due	335,654	291,210	277,404	377,945	333,396
60-days Past Due	48,382	39,563	113,808	190,521	198,941
90-days Past Due	17,350	19,173	84,265	127,372	149,642
120-days Past Due	149,266	124,292	124,948	724,432	933,043
	\$ 550,652	\$ 474,239	\$ 600,425	\$ 1,420,271	\$ 1,615,021

(Excludes sewer only customers)

Delinquent Qty of Account (Res and Commercial Water & Sewer)
(Excluding Sewer Only Customer)



	June 2018	June 2019	June 2020	June 2021	June 2022
Total Number of Accounts	11,892	11,953	11,995	12,151	12,281
Number of Accounts Paid On-Time	9,523	9,611	10,130	9,791	9,654
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

As a result of the COVID-19 pandemic, a water shut-off and penalty moratorium was 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 accruing \$550,000 in amounts owed. As of the end of June 2022, there were 2,627 delinquent accounts accruing \$1.6 million in amounts owed.

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 total number of delinquent accounts only increased by 10.8% since the start of the pandemic.

What is important to note is the change in the number of delinquent accounts 90+ days past due. In June 2018 the total number these delinquent accounts was only 97 with 90+ days delinquent. By June 2022 the total increased to 1,245 (an increase of almost 1300%).

Also important to note is we are now showing the total number of accounts in the 5 year period at an average total of approximately 12,000 with the total number of accounts paid on time at approximately 9,700 (or 80%). The delinquencies relate to 20% of the customer base, with most delinquencies shifting from 30 days delinquent to 90+ days delinquent during the COVID pandemic as customers were allowed to become delinquent without the service at risk of shut-off.

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 past due.

Below are some of the other financial assistance programs offered by the City to assist businesses and residents impacted by the COVID pandemic:

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 offered housing and utility assistance payments to Rialto residents. Postcards were mailed out to 2,000+ Rialto addresses that were in the eligible census tract. Residents were notified they 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. As of the end of August, \$542,000 was allocated to qualifying applicants and a remaining balance of \$218,000 is encumbered for 72 remaining open applications.

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

The grant program was made possible with federal Community Development Block Grant CARES Act (CDBG-CV) funds from the Department of Housing and Urban Development (HUD), therefore approved applicants/residents were required to meet all HUD requirements to be eligible for the program. Applications were processed on a first come, first served basis until all funding was allocated. Payments are made directly to landlords (for rental properties), or directly to the mortgage lender (for owned properties), and directly to the various utility companies for delinquent utility accounts.

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 Cal Health and Human Services (CalHHS) program, which is administered by Cal Community Services and Development (Cal CDS), 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 and started June 3, 2022, and will continue until funds are exhausted, or by August 8, 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 Local Service Providers (LSP). The LSP for Rialto is the Community Action Partnership of San Bernardino County. Eligible households are those who are current recipients of Food Stamps, 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.

This program is now active, and the Community Action Partnership of San Bernardino County is receiving applications. Veolia has made official LIHWAP flyers available at the customer service counter and there has been some interest. As mentioned above, information on LIHWAP has also been provided in the letters going out to customer being placed on payment plans. The LIHWAP flyer was also included as a bill insert to all customers in the current billing cycle with the information on where to apply included in the message section of the bill itself. Applications will be processed for eligibility by the Community Action Partnership of San Bernardino County and forwarded to Veolia for the benefit determination. At this time, two applications have been forwarded to Veolia for determination of benefits (\$426.36 and \$1,332.60). Payment is being processed.

Payment Plan Program - As of the end of the first billing cycle for the Automatic Payment Plan Program, September 6, 2022, there are a total of 1,320 *water & sewer* and *sewer only* accounts with delinquent amounts (90+ days past due, residential and commercial combined) that qualify for the payment plan program. Below is a breakdown of the number of plans for commercial and residential accounts in the program:

AUTOMATIC PAYMENT PLANS ISSUED			
Service	Account Type	Quantity	Amount
Sewer Only	Commercial	4	89,221.10
	Residential	225	115,644.07
Water & Sewer	Commercial	60	137,929.85
	Residential	1,031	1,468,372.64
Total		1,320	1,811,167.66

Below are the steps that RWS/Veolia has taken related to the Automatic Payment Plan Program:

- Enrolled all customers with past due balances of 90+ days on a 12-month payment plan.

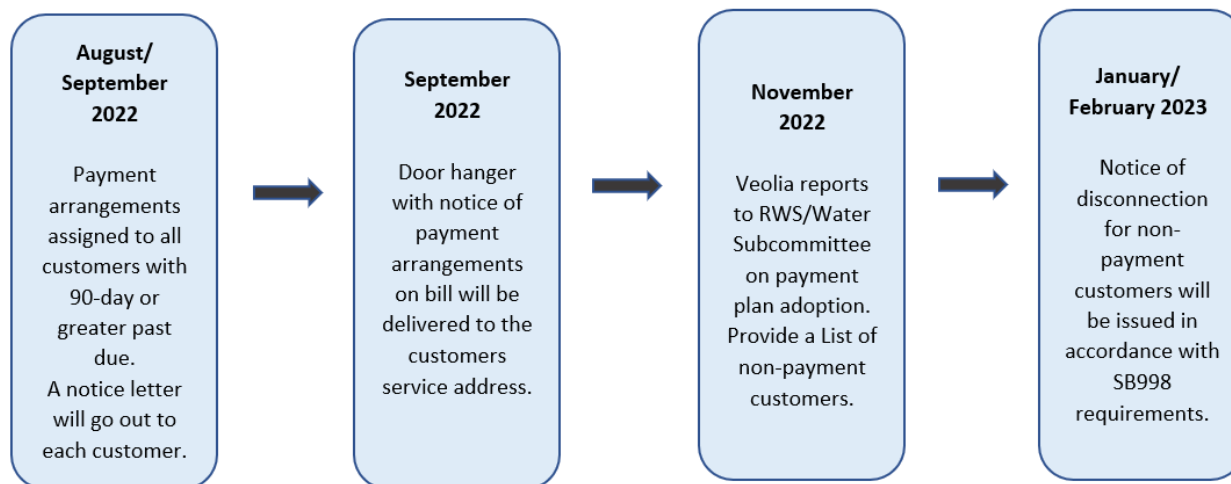
- There is an opt-out provision for customers who do not want to be enrolled in the payment plans. Nothing prevents customers enrolled in payment plans from applying funding from relief programs, accelerating payments, or paying off entirely their utility arrearage to better fit their own circumstances.
- 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.
- RWS/Veolia is researching legal considerations and gain some experience with the first round of payment plans before developing a plan and schedule for the establishment of automated payment plans in perpetuity.

This payment arrangement was rolled out in August 2022. Below is the timeline of the steps that will be taken.

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 paymefitions 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



As noted in this staff report, Staff has now extended automatic payment plans to the first-time delinquent sewer-only customers as opposed to levying on the property tax roll.

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.