

CITY OF YUBA CITY
STAFF REPORT

Date: December 21, 2021
To: Honorable Mayor & Members of the City Council
From: Finance/IT Department
Presentation By: Spencer Morrison, Finance Director

Summary

Subject: Accept California Water and Wastewater Arrearage Payment Program financial assistance funding

Recommendation: Adopt a Resolution accepting the California Water and Wastewater Arrearage Payment Program benefits and authorize the Finance Director to make the necessary supplemental appropriations for related revenues and expenditures to 507-43481 and 7120-64103 for the 2021-22 fiscal year

Fiscal Impact: The anticipated impact on the current year will be a \$289,846 reduction of utility account arrearages for qualified ratepayers.

Purpose:

To reduce the utility arrearages using federal COVID-19 stimulus funds

Background:

The COVID-19 pandemic impact on the national, state, and local economy has made up to 5% of the city's water ratepayers unable or unwilling to pay their utility bills regularly, or at all. Either anticipating such arrearages, or creating them, Governor Newsom's executive order N-42-20 eliminated the City's most effective utility bill collection tool, discontinuance of service for nonpayment, for the foreseeable future. Water utility arrearages have grown to hundreds of thousands of dollars with the City having few effective tools remaining for timely collections. The City's water utility ordinance does allow for property liens and takes advantage of the Franchise Tax Board's Intercept Program.

Analysis:

The State Water Board established the California Water and Wastewater Arrearage Payment Program to provide community drinking water systems with financial relief for unpaid utility bill debt from their residential and commercial customers. The program will allocate \$985 million in federal funding authorized by Governor Newsom and the state legislature based on the Drinking Water Arrearage Survey completed by the City and California community water systems in recent months. Utility customers do not need to apply to receive assistance under the program. If a customer account is eligible, a credit will be automatically applied to the customer's bill. The City

has been granted assistance on behalf of customers who incurred a past due balance of 60 days or more on their utility bill during the COVID-19 pandemic relief period covering March 4, 2020 through June 15, 2021. At the time that staff completed the application, the City had 701 residential accounts and 42 commercial accounts in arrears for the relief period. The program will disburse funds in the amount of \$289,846 in the coming months and prior to January 31, 2022. The program will also reimburse the City \$8,695.38 (3%) in administrative fees. This financial relief is intended for drinking water services only. The City will not receive financial relief for delinquencies related to late fees, wastewater, and certain business types, including industrial, agricultural irrigation, and landscape irrigation classifications. These meter types were excluded from the City's estimates. There may be future relief for the past wastewater system arrearages as funds are determined by the state to be available.

Applying these funds to utility customers will be prioritized in this order with partially funded categories receiving a pro-rata or percentage share:

1. Active residential customers with past due balances who would be at risk of disconnection due to nonpayment;
2. Active residential customers with past due balances;
3. Inactive residential customers with past due balances;
4. Commercial customers with past due balances.

Conditions for accepting these funds include:

- Service shall not be discontinued due to nonpayment for those customers with arrearages accrued during the COVID-19 pandemic bill relief period while the Water Board reviews and approves all pending applications.
- Any associated late fees and accrued interest for customers that are awarded benefits shall be waived.
- No disconnections of a recipient's utility service are allowed, regardless of the balance owed after applying a benefit, for 90 days after a benefit is applied.
- Customers that received a benefit and have a remaining balance after that benefit is applied must be notified of the option to enter into an extended payment plan with late fees and penalties waived.

Fiscal Impact:

The anticipated impact on the current year will be a \$289,846 reduction of utility account arrearages for qualified ratepayers.

Alternatives:

1. Do not accept the California Water Board financial assistance.

Recommendation:

Adopt a Resolution accepting the California Water and Wastewater Arrearage Payment Program and authorize the Finance Director to make the necessary supplemental appropriations for related revenues and expenditures to 507-43481 and 7120-64103, respectively.

Attachments:

1. Water Board Arrearage Funding Resolution 12-21-21

Prepared By:
Spencer Morrison
Finance Director/City Treasurer

Submitted By:
Diana Langley
City Manager

ATTACHMENT 1

RESOLUTION NO. ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
ACCEPTING THE CALIFORNIA WATER AND WASTEWATER ARREARAGE PROGRAM
BENEFITS AND AUTHORIZING SUPPLEMENTAL APPROPRIATIONS TO THE BUDGET
FOR INCREASES TO RELATED REVENUE AND EXPENDITURES FOR THE 2021-2022
FISCAL YEAR**

WHEREAS, the City of Yuba City, (the "City") has accumulated utility bill arrearages during the pandemic; and

WHEREAS, the City staff applied for federal relief of said arrearages through the California Water and Wastewater Arrearage Payment Program; and

WHEREAS, the City will be awarded \$289,846 in benefits from the program to offset utility bill arrearages, including a three percent administrative reimbursement.

NOW, THEREFORE, BE IT RESOLVED, that the City Council hereby accepts the California Water and Wastewater Arrearage Payment Program benefits and authorize the Finance Director to make the necessary supplemental appropriations for related revenues and expenditures to 507-43481 and 7120-64103 for the 2021-22 fiscal year.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 21st day of December, 2021.

AYES:

NOES:

ABSENT:

David Shaw, Mayor

ATTEST:

Ciara Wakefield, Deputy City Clerk

Approved as to form
Counsel for Yuba City:

Shannon Chaffin, Esq.,
Aleshire & Wynder, LLP