

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING ACTIONS RELATED TO THE CALIFORNIA WATER AND WASTEWATER ARREARAGE PAYMENT PROGRAM

WHEREAS, the San José Municipal Water System (“SJMWS”), a rate-funded utility intended to operate at full cost recovery, provides water to approximately 26,000 customer accounts and serves a population of about 130,000 people in the North San José, Alviso, Evergreen, Edenvale, and Coyote Valley areas; and

WHEREAS, water customers are billed on a bimonthly basis and charged a flat service charge based on the size of the water meter, as well as a quantity charge per unit of water used; and

WHEREAS, the economic hardships caused by the COVID-19 pandemic has led to an increase in unpaid water bills; and

WHEREAS, in December 2019, prior to the COVID-19 pandemic, water customers had a cumulative outstanding balance of approximately \$250,000 and this balance has grown to approximately \$1.4 million as of June 2021; and

WHEREAS, in early 2020, the State of California (“State”) enacted a moratorium on utility disconnections for nonpayment, which remains in effect through at least December 31, 2021; and

WHEREAS, in April 2020, the Council of the City of San José (“City”) approved an ordinance to allow for suspension of late payment charges for water bills with due dates ranging from March 17, 2020 through June 30, 2020; and

WHEREAS, the federal government adopted the American Rescue Plan of 2021 (“ARPA”) to provide support and relief for Americans affected by the COVID-19 pandemic, and the State, via the State Water Resources Control Board (“SWRCB”), requested ARPA funding to establish the California Water and Wastewater Arrearage Payment Program (“Program”); and

WHEREAS, this Program intends to distribute funding to eligible water providers that have accrued residential and commercial arrearages during the relief period of March 2020 through June 2021 and allows water providers to request an additional three percent of funding for administrative expenses incurred in complying with Program requirements; and

WHEREAS, the SWRCB surveyed all potable water providers during August and September 2021 to determine statewide accrued residential and commercial arrearages; and

WHEREAS, on September 10, 2021, the City’s Finance and Environmental Services Department staff submitted an initial estimate of accrued residential and commercial arrearages to the SWRCB in response to the survey, and on December 3, 2021, staff submitted an application to the SWRCB with a funding request of \$643,419 plus the estimated allowable 3% of administrative costs of \$19,303, for a combined total of approximately \$663,000 in requested Program funds; and

WHEREAS, a total of \$413,583 of late fee payments incurred between March 2020 and June 2021 will be waived per Program requirements, and of this amount, \$37,601 is above the Director of Finance’s authority to waive and requires City Council approval; and

WHEREAS, staff will provide bill credits to eligible customer accounts within 60 days of receiving Program funding and will implement all other Program requirements, including customer notification, reporting, and waiving of late fees; and

WHEREAS, staff recommends that the City authorize the actions required for participation in the Program so the City can provide customer relief for unpaid potable water bills; and

WHEREAS, in addition to the potable water funds, the State may also provide funding for wastewater arrearages in the future and staff seeks authorization to apply for and execute any documents necessary for the City and its customers to receive this funding if it becomes available from the State; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

- (1) The City of San José's application for the Program is hereby ratified, and the City Manager, Director of Finance or their designees are hereby authorized to negotiate and execute the necessary agreements, including any amendments or revisions, and other actions, to execute the grant and fulfill the Program requirements; and
- (2) The City hereby accepts up to \$663,000, or the amount awarded, in Program funding; and
- (3) The Director of Finance is hereby authorized to waive late fees for any arrearage accounts whose approval exceeds the Director of Finance signature authority, for an estimated total of \$37,601, in compliance with Program requirements; and

- (4) The City Manager, Director of Finance or their designees are hereby authorized to apply for, negotiate and execute any documents, and take other actions necessary to receive Program funds for wastewater arrearages if future funding becomes available, including the waiver of interest or late and other fees.

ADOPTED this _____ day of _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk