

CALIFORNIA WATER AND WASTEWATER ARREARAGE PAYMENT PROGRAM

City Council Meeting
January 11, 2022
Item 3.5

Presenters:

John Kachmanian, Deputy Director

Revenue Management Division, Finance Department

Jeffrey Provenzano, Deputy Director

Environmental Services Department



BACKGROUND

- San José Municipal Water System (“Muni Water”) provides water to about 130,000 people (approximately 26,000 customer accounts) in the North San José, Alviso, Evergreen, Edenvale, and Coyote Valley areas.
- Muni Water Customer Assistance Programs since March 2020 COVID-19 Emergency Declarations
 - City Council ordinance suspended late charges for water bills with due dates ranging from March 17, 2020 through June 30, 2020.
 - State of California April 2020 moratorium on utility disconnections for nonpayment expired December 31, 2021.
- Financial hardship due to the COVID-19 pandemic continues for many San José residents and businesses
 - In December 2019, Muni Water customers had a cumulative outstanding balance of approximately \$250,000; this balance has grown to approximately \$1.4 million as of June 2021.



CALIFORNIA WATER AND WASTEWATER ARREARAGE PAYMENT PROGRAM

- The State of California requested \$1 Billion in American Rescue Plan Act (“ARPA”) funding to establish the State of California Water and Wastewater Arrearage Payment Program (“Program”)
- The State Water Resources Control Board (“SWRCB”) is the cognizant agency
- Program distributes funding to eligible water providers with accrued residential and commercial arrearages during the relief period of March 2020 through June 2021 (“Relief Period”)



PROGRAM TERMS & CONDITIONS

- Participating Water Providers must:
 - Allocate payments as bill credits to customer accounts within 60 days of receiving payment;
 - Waive customer late fees for any arrearages accrued during the Relief Period;
 - Notify customers of the amount credited, and offer to enroll customers with remaining debt into a payment plan;
 - Not discontinue water service until the customer defaults on the payment plan or misses the deadline to enroll in the payment plan;
 - Report on expenditures and customer credits.



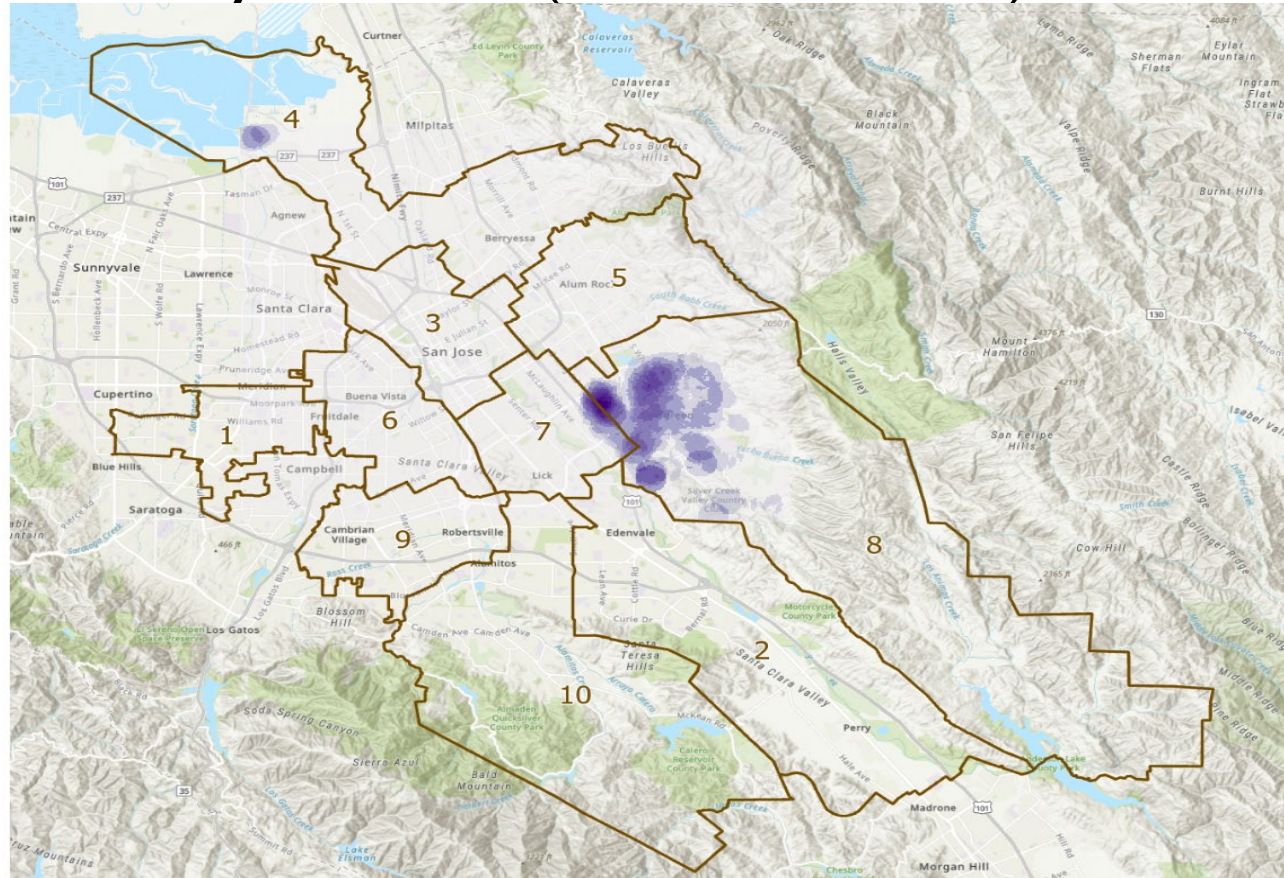
SAN JOSÉ ALLOCATION

Customer Type	Service Arrearages	Late Fees (to be waived)	Total
Water – Single Family	\$ 595,478	\$ 368,718	\$ 964,196
Water – Commercial	47,941	44,865	92,806
<i>Subtotal Arrearages</i>	<i>\$ 643,419</i>	<i>\$ 413,583</i>	<i>\$ 1,057,002</i>
Estimated 3% Administrative Funding Allowed	19,303		
Total Program Funding Estimated	\$ 662,719		



MUNI WATER CUSTOMERS RECEIVING ARREARAGE ASSISTANCE

- Arrearage Credits by District (Districts 4, 7, 8)



STAFF RECOMMENDATION

- 1) Accept the staff report regarding the California Water and Wastewater Arrearage Payment Program (“Program”).
- 2) Adopt a resolution:
 - a. Ratifying the City of San José application for the Program, and authorizing the City Manager, Director of Finance or their designees 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
 - b. Accepting up to \$663,000, or the amount awarded, in Program funding; and
 - c. Authorizing the Director of Finance 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
 - d. Authorizing the City Manager, Director of Finance or their designees 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.

