

Draft Water Retailer Deferred Payment Program

1.	Max Amount:	<p>(a) Up to \$5 million total program amount</p> <p>(b) See Schedule A for allocation by water retailer; subject to retailer formally signing the agreement by [Date]. Minimum allocation amount \$100,000 per retailer.</p> <p>(c) Revolving deferred payment structure</p> <p>(d) Funding source is a one-time appropriation of Valley Water 1% ad valorem property taxes to a “Water Retailer Deferred Payment Program” project in the General Fund (11) (to be established)</p>
2.	Interest Rate:	<p>(a) Interest rate not to exceed 1.5% (average portfolio yield) (e.g. may range from 0.05% interest rate for short-term money market rate)</p> <p>(b) Interest due may be funded as part of the retailer loan amount.</p>
3.	Draws/Repayment Term:	<p>(a) Multiple draws may be made for one year from program inception or until 2 months after Santa Clara County shelter-in-place order is fully lifted, whichever is longer (end of pandemic); the draw amount shall be applied by Valley Water as a credit towards the next invoice (or currently outstanding invoice) Valley Water sends to Retailer for payment for water usage for the invoiced period</p> <p>(b) Amounts drawn must be repaid within 12 months after the end of the pandemic, either in a lump sum or installments (timing flexible), unless a deferral is requested (see Schedule C – Draw/Repayment Form)</p> <p>(c) Repayment may be deferred if retailer can certify ratepayer hardship, until such time the water retailer recoups the payment from the ratepayer and repays Valley Water (see Schedule D – Hardship Certification Form); deferral program is justified to preserve the financial viability of the water retailers to continue to service the ratepayers within the county</p>
4.	Administration Fee:	<p>(a) Non-refundable, administration fee of \$225 per draw; the fee may be funded as part of the draw against the limit for the retailer (\$225 is based on the average hourly cost of a Valley Water employee, fully burdened @ \$150/hour times 1.5 hours of work to administer the program. The admin fee thus reasonably reflects the District’s costs for administering the draw).</p>

5.	Eligibility:	<p>(a) Each of the water retailers served by Valley Water is eligible for the program per Schedule A.</p> <p>(b) Draws may be made to offset the retailers' collection shortfalls from their ratepayers within the program timeframe (see Section 3. Draws/Repayment Terms)</p> <p>(c) Water retailer may request continued deferral of repayment with certification of hardship (see Schedule D – Hardship Certification Form):</p> <ul style="list-style-type: none"> i. Low income household as defined by California Housing and Community Development (HCD) (e.g. current income limit for 4-person household is \$112,150 per year. See Schedule B), and; ii. Financial hardship – e.g. unemployment during program timeframe or loss of income, business closure, loss of permanent housing, etc.
6.	Security/collateral:	(a) None
7.	Event of Default	<p>(a) Retailer shall repay Valley Water within 60 days after it receives payment from the delinquent ratepayer;</p> <p>(b) Valley Water may pursue legal action including attorney fees for retailers' failure to submit the payment per Section 7(a)</p>
8.	Indemnity	(a) Retailer defends and indemnifies Valley Water from all liabilities related to this program
9.	Reporting	(a) Retailer shall submit annual recertification of deferral of payment request and certify that the retailer has not received the delinquent payment (see Schedule D – Hardship Certification Form)

Schedule A – Program Allocation by Water Retailer

1. Private retailers (SJWC, CalWater, and Great Oaks) regulated by the California Public Utility Commission may be subject to certain regulatory approval to participate in the loan program. Each Private Retailer is responsible for complying with any regulatory requirements at its own cost, and Valley Water shall not be responsible for any such compliance issues.
2. Each retailer must sign the program agreement by [Date] to opt-in to the program and receive the loan allocation amount. Should a retailer fail to opt-in by [Date], Valley Water shall reallocate each retailer's loan amount based on the ratio of the opt-in retailer's water use to the total opt-in retailers, pursuant to the table below.
3. Minimum allocation for each retailer is \$100,000 (subject to Board approval).

Allocated by District-managed Water Use (Acre-Feet)

	FY 2019		
	Water Use	% Total	Allocation \$
SJWC	99,406	57.1%	\$ 2,744,861
Santa Clara	14,436	8.3%	\$ 398,616
San Jose Muni	11,929	6.9%	\$ 329,391
Cal Water Services	11,921	6.8%	\$ 329,170
Great Oaks	10,208	5.9%	\$ 281,870
Sunnyvale	8,267	4.7%	\$ 228,274
Gilroy	7,624	4.4%	\$ 210,519
Morgan Hill	6,421	3.7%	\$ 177,301
Milpitas	3,208	1.8%	\$ 100,000
Mountain View	339	0.2%	\$ 100,000
Stanford	313	0.2%	\$ 100,000
	174,072		\$ 5,000,000

Schedule B – Household Income Limits

<https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>

# of Persons in household	1	2	3	4	5	6	7	8+
Very Low	55,300	63,200	71,100	78,950	85,300	91,600	97,900	104,250
Low	78,550	89,750	100,950	112,150	121,150	130,100	139,100	148,050

*Santa Clara County Area Median Income (AMI) is \$141,600 as of April 30, 2020; HCD calculates Very Low Income for a 4-person household to be approximately 56% of AMI and Low Income for a 4-person household to be approximately 80% of AMI

Schedule C – Draw/Repayment Form

Name of Water Retailer: ABC

Maximum Program Amount: \$100,000.00

Transaction Date	Beginning Balance	Draws	Repayments	Ending Balance
7/1/2020	\$100,000.00	(\$5,000.00)		\$95,000.00
8/1/2020	\$95,000.00		\$5,000.00	\$100,000.00
9/1/2020	\$100,000.00	(\$10,000.00)		\$90,000.00

This Draw/Repayment Request form is submitted by:

Signature:	
Name/Title/Company:	
Contact Info (email/phone):	
Date:	

This Draw/Repayment Request form is reviewed and approved by Santa Clara Valley Water District:

Signature:	
Name/Title	[Name] [Title]
Contact Info (email/phone):	
Date:	

Schedule D – Hardship Certification Form

Retailer requests continued deferral of repayment of outstanding loan amount [X] by certifying the following (check box if true statement):

- ☐ Delinquent account meets the low-income household threshold as defined by California Housing and Community Development (HCD) (e.g. current income limit for 4-person household is \$112,150 per year. See Schedule B), and;

Delinquent account continues to experience financial hardship, such as unemployment during program timeframe, loss of income, loss of permanent housing, business closure, etc.

- ☐ Water retailer has not received any repayments from the delinquent account as of the date of this certification form.

This Hardship Certification form is submitted by:

Signature:	
Name/Title/Company:	
Contact Info (email/phone):	
Date:	