



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 17, 2022

FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL

SUBJECT: RESTART UTILITY BILL REPAYMENT PROGRAM FOR CUSTOMERS WHO WERE UNABLE TO PAY THEIR RIVERSIDE PUBLIC UTILITIES BILLS DUE TO ONGOING COVID-19 PANDEMIC AND RESUME THE UTILITY SHUT-OFF PROCESS

ISSUES:

Approve the Restart Utility Bill Repayment Program for customers who were unable to pay their Riverside Public Utilities bills due to the ongoing COVID-19 pandemic and resume the utility shut-off process for non-payment of water, electric sewer and refuse service.

RECOMMENDATIONS:

That the City Council:

1. Approve the Public Utilities Restart Utility Bill Repayment Program for customers who were unable to pay their Riverside Public Utilities bills due to the ongoing COVID-19 pandemic; and
2. Direct the City Manager to reverse the March 17, 2020 suspension of discontinuing water electric, sewer and refuse utility service for non-payment.

BOARD RECOMMENDATION:

The Board of Public Utilities met on July 12, 2021, with Chair Sanchez-Monville, Vice-Chair Crohn, and Board Members Heru, Montgomery, Ocegüera, and Wohlegemuth present and Board Members Cherney and Melendez absent, to discuss revisions to the Restart Utility Bill Repayment Program and unanimously approved to recommend that the City Council: 1) implement the revised Restart Utility Bill Repayment Program for all customers that have been adversely impacted by the COVID-19 pandemic to be effective within 60 days of the City Council reversing the direction given on March 17, 2020 to suspend discontinuance of service for nonpayment of water, electric, sewer and refuse utility services including repayment contracts for commercial customers and to provide an option for non-equal repayment schedules; and 2) authorize the City Manager, or designee, to implement the Restart Utility Bill Repayment Program for all customers that have been adversely impacted by the COVID-19 pandemic to be effective within 60 days of

the City Council reversing its March 17, 2020 direction to suspend discontinuance of service for nonpayment of water, electric, sewer and refuse utility services.

BACKGROUND:

On March 17, 2020, to assist Riverside residents and businesses that were suffering financial hardship, the City Council directed the City Manager to suspend discontinuance of service for nonpayment of water, electric, sewer and refuse utility services. Water and Electric Rules 7 both provide that the City may discontinue service for failure to pay; however, the City is not required to terminate service. The City cannot, however, waive any payments. The Electric and Water Rules do not allow for the waiver of charges that otherwise comply with the rules. As of the date this report was written, this order is still in effect.

On May 5, 2020, the City Council approved the expenditure of \$5 million from RPU's public benefit funding for the Emergency Recovery Assistance Program (ERAP). This program provided residential electric customers who had lost their jobs or experienced a loss of income with a one-time, \$250 bill credit on the customer's RPU bill. This program launched on May 20, 2020 and has helped approximately 5,285 customers.

Also on May 5, 2020, the City Council approved the concept of a utility bill repayment program titled "Restart" with direction to return for final approval of a standardized agreement which customers could opt into to repay their utility bills. This was the City's first step to support utility customers. The action ensured that all customers continue to have access to necessary utility services, regardless of the financial hardships faced due to the loss of household income. RPU cannot waive the utility charges for these customers and the bills are accumulating. The Restart Program supports all customers, both residential and commercial, with a standardized process to repay their outstanding utility bills.

On August 24, 2020, the Board of Public Utilities unanimously voted to recommend increasing the ERAP customer credit from \$250 to \$400 and approve the Restart Program and associated agreements to provide bill repayment deferral for customers who were unable to pay their Riverside Public Utilities bills due to the ongoing COVID-19 pandemic.

On October 6, 2020, the City Council approved an increase in the ERAP customer credit from \$250 to \$400, the Restart Program, and associated agreements.

On August 3, 2021, the City Council was scheduled to review and approve revisions to the Restart Utility Bill Repayment Program for all customers that have been adversely impacted by the COVID-19 pandemic to be effective within 60 days of the City Council reversing the direction given on March 17, 2020 to suspend discontinuance of service for nonpayment of water, electric, sewer and refuse utility services; and authorize the City Manager, or his designee, to implement the revised Restart Utility Bill Repayment Program for all customers that have been adversely impacted by the COVID-19 pandemic to be effective within 60 days of the City Council reversing its March 17, 2020 direction to suspend discontinuance of service for nonpayment of water, electric, sewer and refuse utility services. At the meeting, it was discussed that in July 2021, the Legislature passed nearly \$2 billion in funding to address statewide energy, water, and wastewater utility arrearages. Staff reported an estimated total delinquency of \$26,322,826. Following this discussion, it was moved by Councilmember Cervantes and seconded by Councilmember Edwards to table the item until a future date and bring it back when additional information is received from the State. The motion carried unanimously, with all Councilmembers present.

DISCUSSION:

The City Council's delay to resume utility discontinuances for non-payment has allowed the Public Utilities Department to submit for and receive State funding for utility arrearages which has directly benefited eligible customer accounts.

California Arrearage Payment Programs**Electric**

On July 16, 2021, Governor Newsom signed AB 135, which created the California Arrearage Payment Program (CAPP), administered by the California Department of Community Services & Development for funding electric utility customer arrearages. RPU applied for CAPP assistance on behalf of electric customers who incurred a past due balance of 60 days or more on their energy bill during the COVID-19 pandemic relief period covering March 4, 2020 through June 15, 2021. On December 16, 2021, the following CAPP benefits were applied for RPU customers:

Account Type	Number Of Accounts	CAPP Benefit
Residential	11,148	\$8,707,442
Low Income Residential	775	495,449
Commercial	676	1,873,165
Total	12,599	\$11,076,056

Drinking Water

On July 22, 2021, Governor Newsom signed AB 148, which created the California Water and Wastewater Arrearage Management Program (CWWAPP) to administer funding for water/wastewater utility customer arrearages. The State Water Resources Control Board is administering these programs. RPU applied for CWWAPP assistance on behalf of water customers who incurred a past due balance of 60 days or more on their energy bill during the COVID-19 pandemic relief period covering March 4, 2020, through June 15, 2021. On December 22, 2021, the following CWWAPP benefits were applied for RPU customers:

Account Type	Number Of Accounts	CWWAPP Benefit
Residential	4,264	\$1,757,642
Commercial	126	123,160
Administrative Costs 3%		63,440
Total	4,390	\$1,944,242

Wastewater

The State Water Resources Control Board started the CWWAPP program for wastewater arrearages on February 9, 2022. On February 22, 2022, RPU applied for CWWAPP assistance on behalf of wastewater customers who incurred a past due balance of 60 days or more on their energy bill during the COVID-19 pandemic relief period covering March 4, 2020 through June 15, 2021.

Account Type	Number Of Accounts	CWWAPP Requested
Residential	8,132	\$2,443,484
Commercial	99	108,053
Administrative Costs 3%		76,546
Total	8,231	\$2,628,083

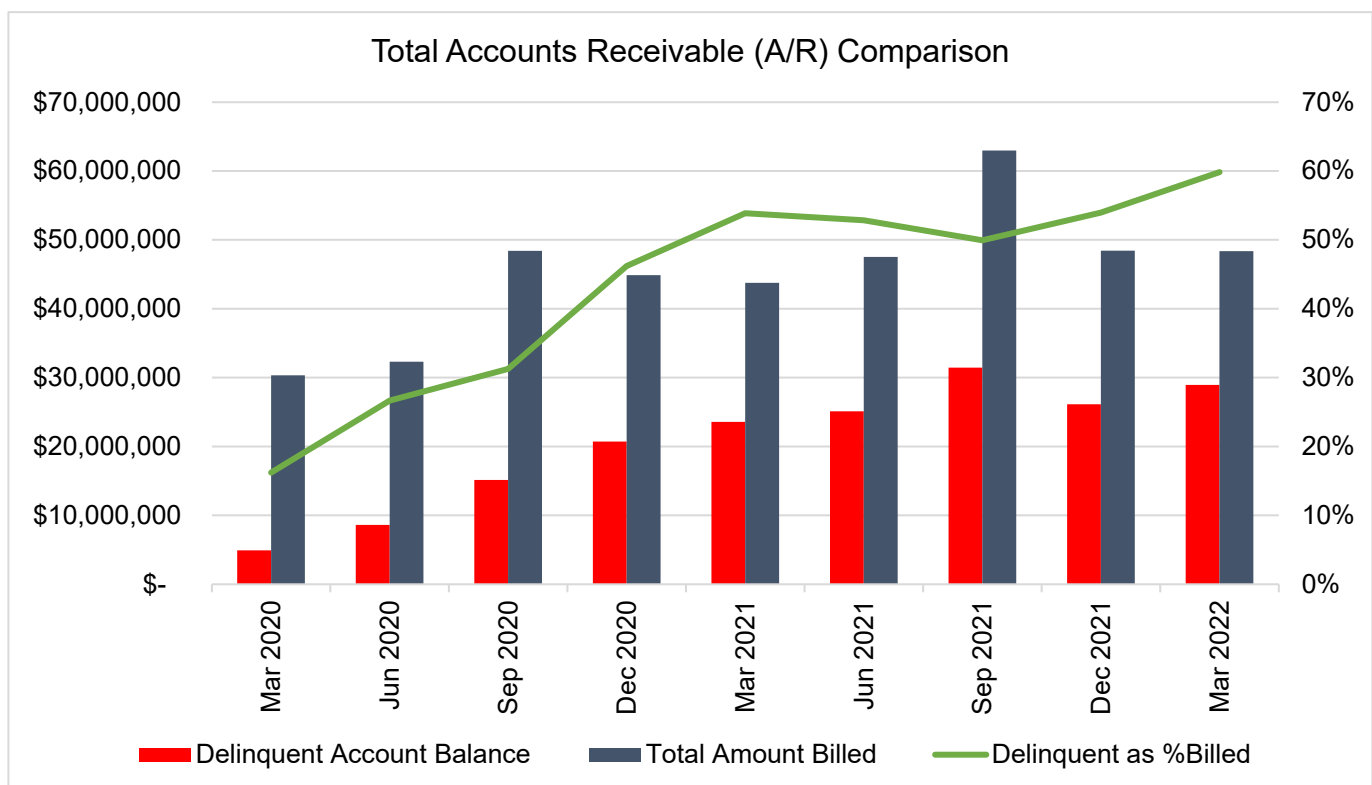
Low-Income Water Assistance *New*

The California Low-Income Household Water Assistance Program (LIHWAP) is administered by the California Department of Community Services & Development. This program provides financial assistance to low-income customers where qualified. Low-income households can apply to their Local Service Provider to receive a one-time credit (up to \$2,000) on their water or wastewater bill. The Local Service Provider for RPU customer is Community Action Partnership of Riverside County. RPU is participating in the program to ensure access for our customers.

Account Delinquency Rates

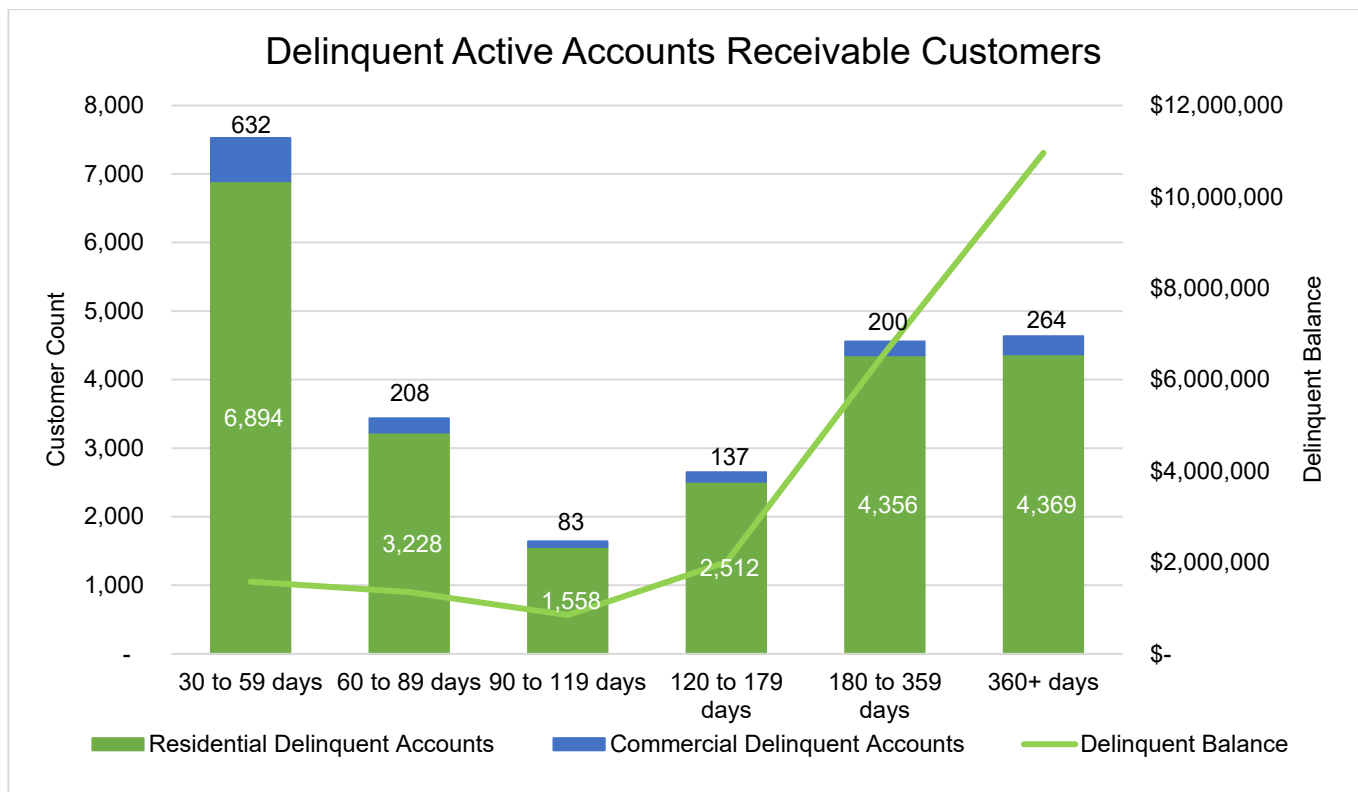
Since the COVID-19 Local Emergency Declaration, the City has experienced significant increases in utility customer accounts receivable. This includes increases in delinquent account balances and the number of utility accounts that have become delinquent.

The charts below include account information through March 31, 2022. Accounts receivable for all services including electric, water, sewer and refuse have increased by 59%, or \$18 million, from March 2020 to March 31, 2022. During the same period, delinquent accounts receivable have increased 488%, or \$24 million. The City received and applied \$13 million to customer accounts from state funding offering financial assistance for eligible past-due electric and drinking water customer debts incurred from March 4, 2020 to June 15, 2021.



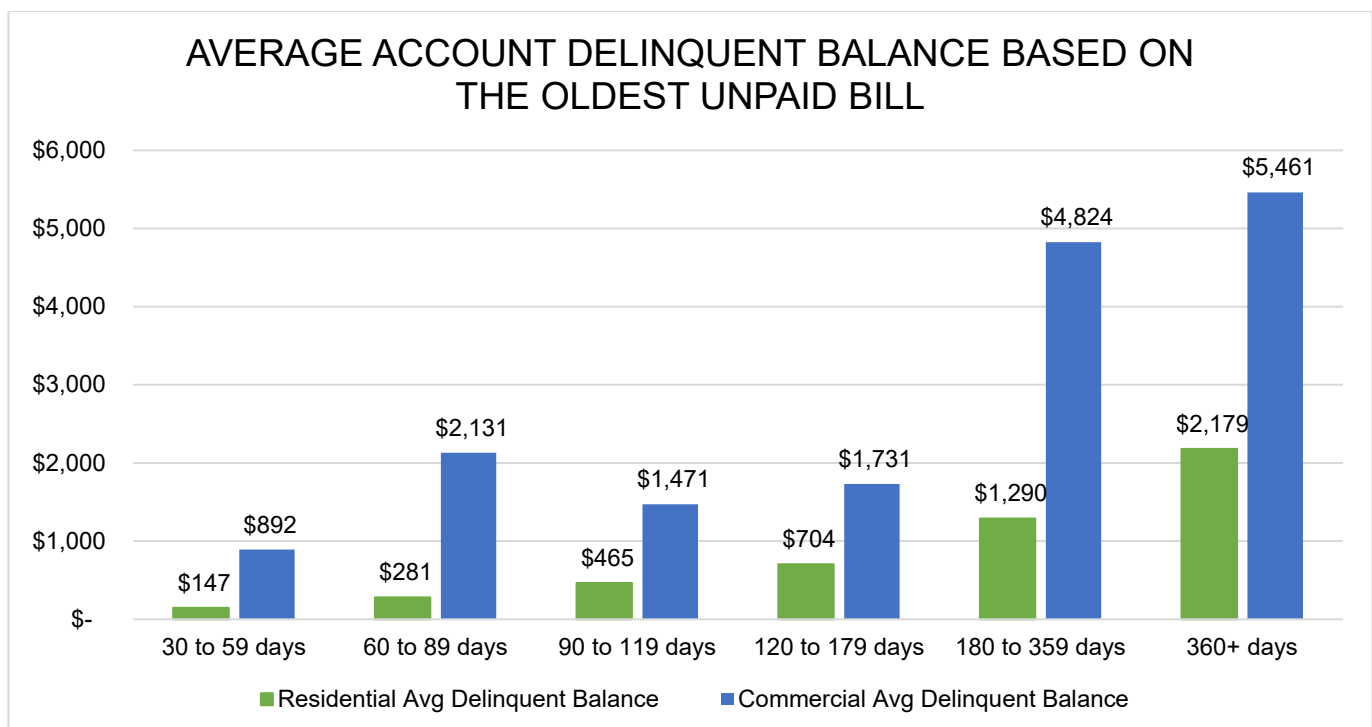
Notes: 1. Delinquent Account Balance includes active & inactive accounts.
 2. Updated through March 31, 2022 for electric, water, sewer, and refuse.

The chart below demonstrates the number of active customers based on the oldest unpaid utility bill:



Note: Updated through March 31, 2022 for electric, water, sewer, and refuse.

The average total unpaid utility account balance for each customer grouped by the oldest unpaid bill on the active account is calculated in the below table:



Note: Updated through March 31, 2022 for electric, water, sewer and refuse.

Current Customer Benefit Programs

In addition to the recent Federal program for Emergency Rental and Utility Assistance, RPU provides low-income customer utility assistance and an emergency bill credit for customers who have experienced financial impacts due to COVID:

1. **SHARE Sharing Households Assist Riverside Energy Program**

This program is an income-qualified program and provides emergency/deposit and monthly bill credit assistance. On March 8, 2021 and March 22, 2021, respectively, the Board of Public Utilities and City Council approved the SHARE emergency/deposit assistance increase from \$150 to \$250. On May 17, 2022, the City Council is expected to receive a request to approve an increase of the SHARE Electric Monthly Credit from \$15.50 per month to \$16.00 and Water Monthly Credit from \$3.00 to \$3.25 to align with electric and water rate increases for Fiscal Year 2022/23; and approve to update the Sharing Households Assist Riverside's Energy program guidelines from 200% of the federal poverty level guidelines to 250%.

2. **ERAP Emergency Recovery Assistance Program**

This program was established in response to the COVID-19 pandemic and provides a \$400 bill credit assistance for residential customers whose incomes have been negatively impacted due to the pandemic. This program has been approved to expire three months after the local emergency has been terminated. From May 20, 2020, to the date of this report, 5,285 customer utility accounts have benefitted with a total value of \$2.1 million.

3. **Emergency Rental Assistance Program**

This program was established through funding provided by the United States Treasury to pay the past due rent and utility balances to low-income residents whose incomes were negatively affected due to the pandemic. Program funds were exhausted on April 16, 2021, and are administered through United Lift. To date, 778 customer utility accounts have benefitted with a total value of \$786,102 in payments completed.

Restart Program

As the City has now exceeded two years under the Local Emergency Declaration, staff is recommending program changes from the City Council approved program on October 6, 2020, to reflect the long-term customer impacts of the Local Emergency Declaration.

OCTOBER 6, 2020 PROGRAM	PROPOSED PROGRAM
A. DELAYED START TO REPAYMENT	
RPU shall provide customers with a 6-month delay before their first payment towards their outstanding balance is due. Customers may sign up for this program from the time that City Council approves the agreement through two months after RPU resumes utility disconnections.	RPU customers be provided with a 60-day delay from the end of the March 2020 Local Emergency Declaration to sign up for the program.
B. STANDARDIZE THE REPAYMENT AGREEMENTS	
Customers will enter into agreements with RPU to repay unpaid balances on their accounts. This repayment agreement will be a standardized formal agreement for commercial customers and a standardized letter agreement for residential customers.	All residential payment arrangements to be conducted via the current administrative process using a variety of letters and agreements already in practice with Utilities Customer Service teams.

Having a standardized repayment agreement process will streamline the process both for RPU and City staff as well as for the customers.	All commercial payment arrangements to include the Board of Public Utilities and City Council approved standard agreement .
C. NO COST OR PENALTY	
The program will be offered at no additional cost to the customer and will ensure a customer's credit is not negatively impacted by late bill payment. Restart agreements will be at no additional cost and no interest.	
D. STANDARD REPAYMENT TIMELINE	
Customers will be provided 12-months to repay their outstanding bill balance. Twelve equal monthly payments will be established for the customers. Customers may repay their outstanding balances early. For the agreement to remain valid and for the customer to avoid disconnection, customers must pay their monthly utility bills plus the agreed upon monthly payment.	Customers will be provided up to 18 months from the City Council directive to City Manager to reverse the March 17, 2020, suspension of discontinuing water, electric, sewer and refuse utility service for non-payment to repay their outstanding bill balance. Regular, equal monthly payments will be established however a customer may request an alternative "ramp up" schedule . Customers may repay their outstanding balances early. For the repayment agreement to remain valid and for the customer to avoid utility disconnection, customers must make on time payments for the current monthly utility bills plus the agreed upon amount for the past due balance.

Additional staff recommendations for the Restart Program:

E. DOWN PAYMENT

It is recommended that customers requesting enrollment in the Restart Utility Bill Repayment Program Restart delinquent repayment plan provide a down payment of 10% of the outstanding utility account balance to enroll in the program.

Note: Low-income qualified customers are eligible to enroll in the SHARE program and upon approval for SHARE may be eligible for a \$250 emergency deposit credit.

F. RESTART ELIGIBILITY DATES

The program is for delinquent utility bill amounts as defined in the March 2020 Local Emergency Declaration. Any additional account delinquency amounts outside of this defined period of the Local Emergency are not eligible for the Restart program.

STRATEGIC PLAN ALIGNMENT:

The implementation of the Restart Repayment program continues to **Strategic Priority 3 - Economic Opportunity** and **Goal 3.4** - Collaborate with key partners to implement policies and programs that promote local business growth and ensure equitable opportunities for all.

The program aligns with each of the Cross-Cutting Threads as listed below:

1. **Community Trust** –The Restart Repayment program has been discussed at several Board of Public Utilities and City Council meetings. The policy discussions have evolved

as the COVID-19 pandemic continued and the program objective has remained to provide an equitable re-payment plan that best meets the needs of all customers.

2. **Equity** –The Restart Program includes equal opportunity for flexible repayment options for all customers as well as available assistance programs for low-income customers or for those that were negatively impacted by the pandemic.
3. **Fiscal Responsibility** –The Restart Program is a balanced, responsible approach to provide customers with options to retain utility services without concern for disconnection while they re-pay the delinquent Electric, Water, Sewer and Refuse charges that have been provided.
4. **Innovation** –The Restart program is an innovative program designed to meet the fiscal challenges experienced by our community during the pandemic.
5. **Sustainability & Resiliency** –The Restart program allows for customer flexibility without compromising the current and future needs of the City’s electric, water, sewer and refuse funds.

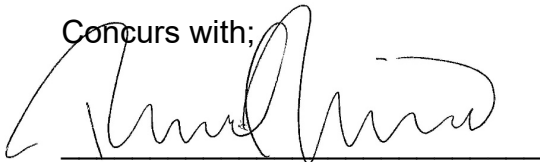
FISCAL IMPACT:


Due to the ongoing situation with the pandemic, the total fiscal impact of the issues discussed in this report is unknown at this time. The City’s major enterprise funds are experiencing similar impacts resulting from the pandemic, with much higher delinquent account balances and lower commercial/industrial revenues. To date, these impacts have not affected the overall health of the funds, but the potential write-off of delinquent accounts will reduce fund resources and could impact credit ratings for certain utilities where applicable.

There is no fiscal impact related to the revisions to the Restart Utility Bill Repayment Program. Funding for RPU’s public benefit programs is available in the Electric Public Benefits Fund Low-Income Assistance Residential COVID-19 Program Account No. 6020100-456100. Of the original \$5 million budget, approximately \$2.8 million remains available as of March 21, 2022.

Prepared by:	Todd M. Corbin, Utilities General Manager
Certified as to	
availability of funds:	Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Concurs with;


RONALDO FIERRO
Councilmember, Ward 3


GABY PLASCENCIA
Councilwoman, Ward 5

Attachments:

1. Commercial Agreement
2. Presentation