



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: OCTOBER 6, 2020**

**FROM: PUBLIC UTILITIES DEPARTMENT      WARDS: ALL**

**SUBJECT: INCREASE EMERGENCY RECOVERY ASSISTANCE PROGRAM CUSTOMER CREDIT FROM \$250 TO \$400 AND RESTART UTILITY BILL REPAYMENT PROGRAM AND ASSOCIATED AGREEMENTS TO PROVIDE BILL REPAYMENT DEFERRAL FOR CUSTOMERS WHO WERE UNABLE TO PAY THEIR RIVERSIDE PUBLIC UTILITIES BILLS DUE TO ONGOING COVID-19 PANDEMIC**

## **ISSUES:**

Recommend that the City Council approve increasing the Emergency Recovery Assistance Program customer credit from \$250 to \$400 and approve the Restart Utility Bill Repayment 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.

## **RECOMMENDATIONS:**

That the City Council:

1. Authorize the City Manager, or designee, to increase the COVID-19 Emergency Recovery Assistance Program customer credit from \$250 to \$400 for residential electric customers that have been adversely financially impacted by the COVID-19 pandemic, as outlined in this report;
2. Approve the Restart Utility Bill Repayment Program and standard form Business Restart Payment Agreement for commercial customers and standard form Restart Agreement Letter for residential of Riverside Public Utilities Department;
3. 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; and
4. Authorize the City Manager, or designee, to execute the standard form Business Restart Payment Agreement for commercial customers and standard form Restart Agreement Letter for residential customers.

## **BOARD RECOMMENDATION**

On August 24, 2020, the Board of Public Utilities, with seven (7) members present, unanimously voted to recommend increasing the Emergency Recovery Assistance Program customer credit from \$250 to \$400 and approve the Restart Utility Bill Repayment 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.

## **BACKGROUND:**

The novel Coronavirus (COVID-19) pandemic is an unprecedented global emergency. In response, emergency declarations adopted in California had the effect of closing many businesses throughout the State beginning in March and continuing through the present:

1. March 4, 2020, California Governor Gavin Newsom declared a State of Emergency due to the threat of COVID-19.
2. March 8, 2020, the Riverside County Public Health Officer declared a local health emergency based on the imminent threat to public health from COVID-19 in Riverside County.
3. March 10, 2020, the County of Riverside proclaimed a local emergency.
4. March 13, 2020, the Director of Emergency Services of the City, proclaimed a Local Emergency and said proclamation was ratified by the City Council on March 17, 2020.
5. March 16, 2020, the Riverside County Public Health Officer ordered the cancellation of gatherings with an expected presence of 10 people or more, thereby effectively closing most small businesses.
6. March 19, 2020, Governor Newsom issued Executive Order N-33-20 ("Stay At Home Order") which ordered all individuals living in the State of California to stay home or at their place of residence, except as needed to maintain continuity of operation of the federal critical infrastructure sectors and additional sectors as the State Public Health Officer may designate as critical to protect health and well-being of all Californians.
7. June 18, 2020, Governor Newsom required face coverings given an increase in positive cases, hospitalizations, ICU bed use and other concerns relative to COVID-19.
8. July 1, 2020, Governor Newsom ordered all bars, wineries, and breweries to be closed as well as all indoor dining due to the increase in positive cases, hospitalizations, ICU bed use and other concerns relative to COVID-19. To continue to provide more outdoor dining for restaurants, the City revised its Temporary Outdoor Flex Space of Restaurants to allow for easier outdoor dining on July 2, 2020.
9. July 13, 2020, Governor Newsom ordered the closure of indoor operations including gyms and fitness centers, places of worship, indoor protests, offices for non-critical infrastructure sectors, personal care services, hair salons, and barbershops, and malls.

The original Stay at Home Order mandated that businesses and organizations that provide

essential services may remain open, and that businesses and organizations that provide non-essential services must close. Such businesses and organizations include but are not limited to dine-in restaurant operations, bars and nightclubs, entertainment venues, gyms and fitness studios, public events and gatherings, convention centers, and hair and nail salons.

Many businesses in the region began the reopening process in late May through June under the State of California's COVID-19 Resilience Roadmap but remained under operational constraints to continue to reduce the spread of the COVID-19 virus. This reopening in Riverside County allowed many businesses to open under specified operational constraints which, in some cases, continued to limit their incomes. However, in July, many re-openings were rolled-back when the State and local community experienced a resurgence in COVID-19 infections and an increase in deaths related to COVID-19.

These actions, taken to preserve public health and safety, have resulted in and continue to have crushing economic hardship for many RPU utility customers. The City Council, at their March 17, 2020 meeting, noted that many Riverside customers live paycheck to paycheck and may be unable to immediately pay their bills due to their reduced income. Many small businesses manage their funds with only a few months operating reserves and cannot remain operational without their ability to provide full service. These conditions continue to strain many residents and businesses incomes and make it difficult to pay their monthly bills.

On March 17, 2020, to assist many Riverside residents that were suffering financial hardship, the City Council directed Riverside Public Utilities (RPU) 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. 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. 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 as of July 21, 2020 had provided assistance to almost 1,700 customers.

Also, on May 5, 2020, the City Council approved the concept of a utility bill repayment program called Restart with direction to return for final approval of a standardized agreement for customers to enter into for repayment of their utility bills. As noted above, the City Council suspended utility shutoffs in March for customers that are unable to pay their utility bills. This was the City's first step to support utility customers. The action ensures 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 will support all customers, both residential and commercial, with a standardized process to repay their outstanding utility bills. The full program is described below.

## **DISCUSSION:**

Since the May 5, 2020 City Council meeting, the Riverside community continues to face negative economic impacts from the COVID-19 pandemic. Unemployment and business closures, while decreasing, are still persistent amongst residents and businesses facing hurdles as the COVID-

19 pandemic continues. While there has been significant assistance provided both to residents and businesses, the economic challenges faced by many in our community persist. The discussion below outlines recommended changes to expand the ERAP Program and seeks approval of the Restart Program.

### **Emergency Recovery Assistance Program Enhancements**

When ERAP was approved by the City Council, a total of \$5 million from Public Benefit Charge Funds was allocated to the program to provide up to 20,000 residential customers with a \$250 on-bill credit for residential electric customers that had lost their jobs, been furloughed, or faced loss of income due to COVID-19. It is unlikely under the current program structure, that the full allocation of funds will be spent, though the need continues. State law precludes RPU from offering the program to non-residential customers.

Two factors are contributing to this. First, the number of customers that need assistance is unlikely to reach the full 20,000 customers. Unemployment in Riverside, while still significant, was not as high as estimated. When the program was initially proposed, unemployment had been estimated to be up to 25% within the City. Unemployment since that time has been about 13-14%. The number of customers estimated to seek assistance under the program is expected to be lower than originally estimated.

Secondly, the financial need being experienced by customers for assistance with bills is greater than the \$250 provided by the ERAP. The original amount of the bill credit would have covered about two months of a residential customer's utility bill during the spring season. As the COVID-19 pandemic continues, businesses are being impacted which is resulting in less work for residents working at these businesses. Therefore, residents are experiencing prolonged unemployment or reduced income. Additionally, as summer progresses, utility bills are increasing with the heat as residents run their air conditioning.

Staff proposes increasing the ERAP bill credit to \$400. For customers that have already applied and been approved for ERAP assistance, the customer will be provided with an additional \$150 without needing to reapply for the program. Customers will be notified by mail if they will receive the additional amount. New customers applying to the program would receive the new \$400 bill credit.

### **Restart Program - Standardized Repayment Plans and Agreements**

As noted above, many customers, including commercial customers, are currently unable to pay their monthly utility bills. These bills accrue each month they are not paid, making it more difficult for customers to recover from the financial impacts of the COVID-19 emergency. Because the utility bills cannot be waived, RPU staff proposes a formal process intended to help customers repay their bills and thus help with the economic recovery that will follow the COVID-19 emergency. Repayment is important because it means that utility revenue that is currently being considered "lost" will be considered "deferred".

RPU is able to provide customers with customized payment plans for any unpaid utility bills. This will assist customers and avoid possible bankruptcy during the emergency and recovery period. The Restart Utility Bill Repayment Program for both residential and commercial customers described here will complement the assistance programs already available to customers. The Restart Program will provide the following benefits:

- A. **Delayed start to repayment.** RPU shall provide that customers be provided 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.
- 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. Having a standardized repayment agreement process will streamline the process both for RPU and City staff as well as for the customers.
- 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 12-month 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.

#### **FISCAL IMPACT:**

Funding is available in the Electric Public Benefits Low Income Assistance Residential COVID-19 Program Account No. 6020100-456100, with approximately \$4.5 million remaining at June 30, 2020 which is the current maximum exposure. Over 11,000 customers would need to qualify for this program to fully exhaust these financial resources. Due to the ongoing nature and continually evolving economic impact of Covid-19, the total fiscal impact is unknown at this time.

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#### **Attachments:**

1. Board of Public Utilities Staff Report from August 24, 2020 meeting
2. Minutes from August 24, 2020 Board of Public Utilities meeting
3. Business Restart Payment Agreement for Commercial Customers
4. Restart Letter Agreement for Residential Customers
5. Presentation