



RIVERSIDE PUBLIC UTILITIES

Customer Relations/Finance Committee

CUSTOMER RELATIONS/FINANCE COMMITTEE

DATE: JUNE 21, 2021

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

ISSUE:

Recommend that the Board of Public Utilities and City Council authorize revisions to 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.

RECOMMENDATIONS:

That the Customer Relations/Finance Committee forward a recommendation to the Board of Public Utilities 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 March 17, 2020 direction to suspend discontinuance of service for nonpayment of water, electric, sewer and refuse utility; 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 the March 17, 2020 direction to suspend discontinuance of service for nonpayment of water, electric, sewer and refuse utility services.

BACKGROUND:

Local Emergency Declaration Actions

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.

Following the surge of COVID-19 cases in July 2020, the City Council has reviewed the Proclamation of Local Emergency and voted to continue the Local Emergency on the following dates: July 21, 2020; August 18, 2020; September 15, 2020; October 20, 2020; November 17, 2020; December 15, 2020; January 12, 2021; February 9, 2021; March 9, 2021; April 13, 2021, and May 11, 2021.

Restart Program Actions

On March 17, 2020, to assist Riverside residents and businesses 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 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. 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 as of April 20, 2021 has helped over 4,600 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 in 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.

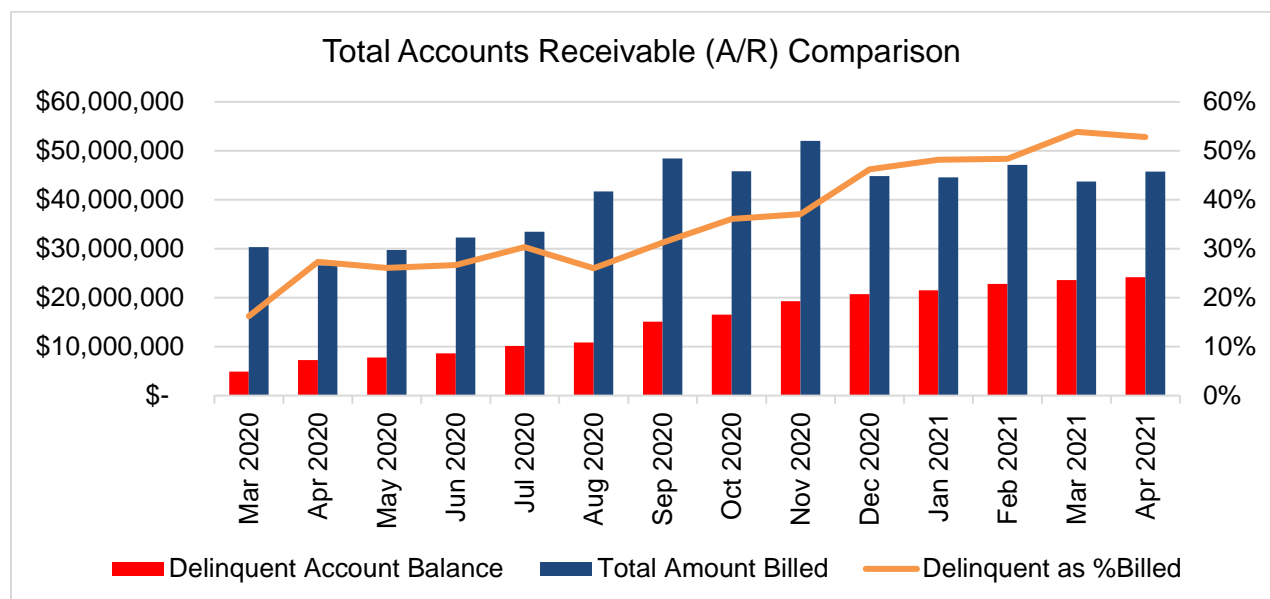
On August 24, 2020, the Board of Public Utilities unanimously voted to recommend increasing the Emergency Recovery Assistance Program customer credit from \$250 to \$400 and approved the Restart Program and associated agreements to provide bill repayment deferral for customers who were unable to pay their Riverside Public Utilities bills due to the ongoing COVID-19 pandemic. On October 6, 2020, City Council approved increasing the Emergency Recovery Assistance Program customer credit from \$250 to \$400, the Restart Program, and associated agreements.

DISCUSSION:

Account Delinquency Rates

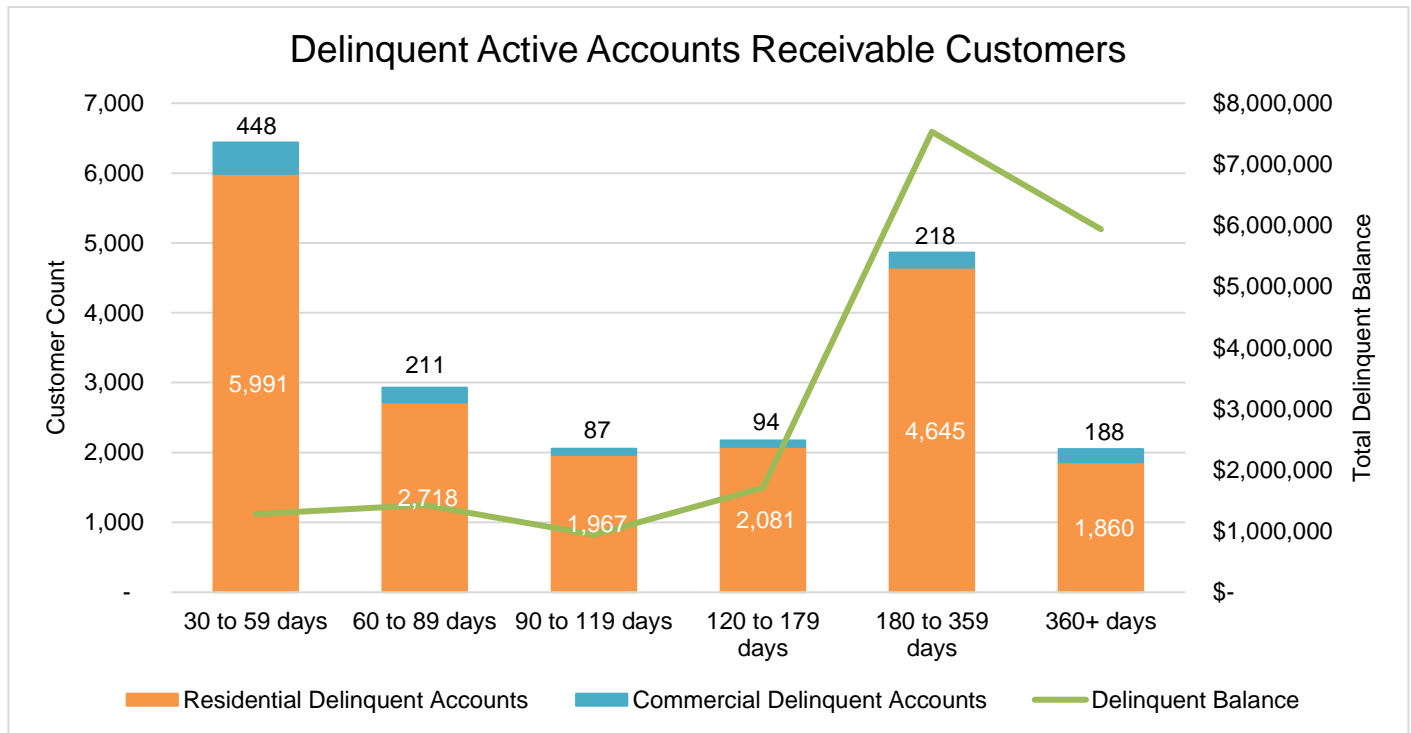
Since the COVID-19 Local Emergency Declaration, the City has experienced significant increases in utility customer accounts receivable. This includes increases in delinquent account balances and the number of utility accounts that have become delinquent.

The charts below include account information through April 27, 2021. Accounts receivable for all services including electric, water, sewer and refuse have increased by 51% or \$15.4 million from March 2020 to April 27, 2021. During the same period, delinquent accounts receivable has increased 391%, or \$19.2 million.



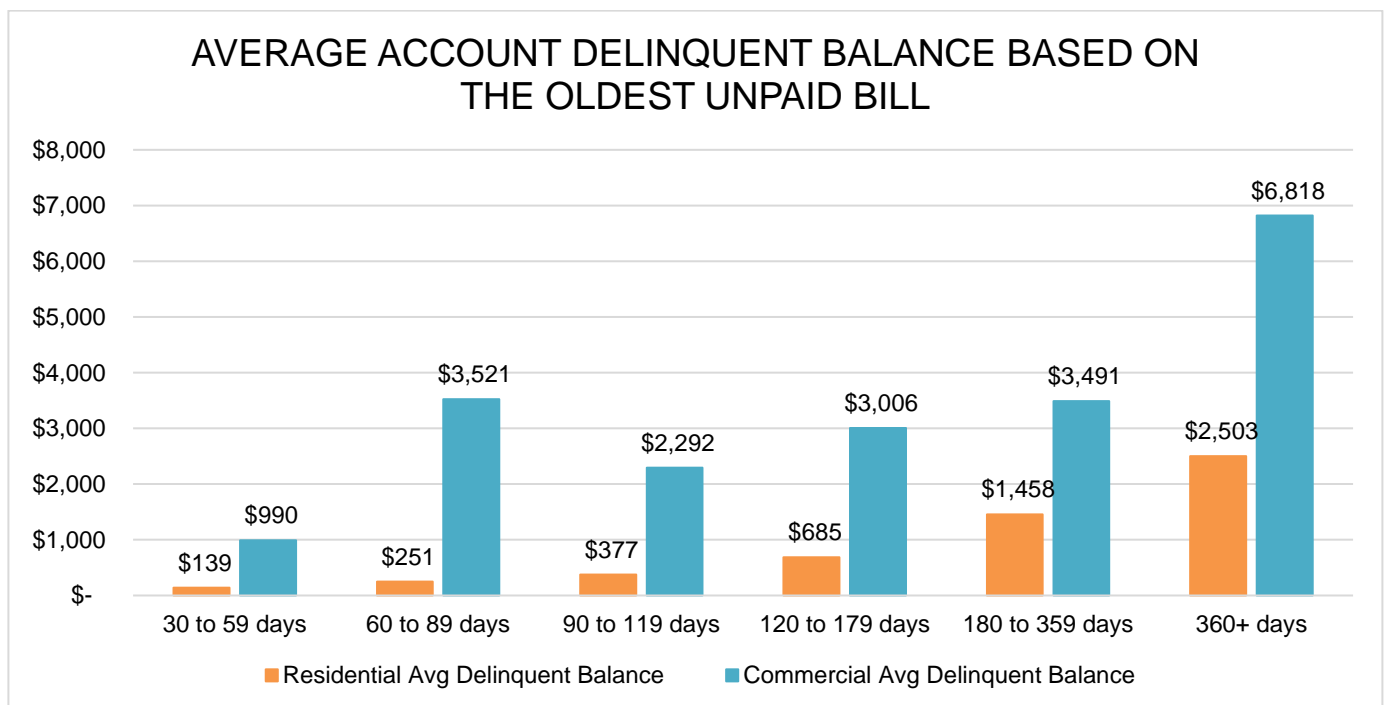
Notes: 1. Delinquent Account Balance includes active & inactive accounts.
 2. Updated through April 27, 2021 for electric, water, sewer, and refuse.

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



Note: Updated through April 27, 2021 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 April 27, 2021 for electric, water, sewer and refuse.

Restart Program: As of October 6, 2020

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.

Recommended Restart Program Revisions

As the City has exceed one year under the Local Emergency Declaration, staff is recommending program changes to reflect the long term customer impacts of the Local Emergency Declaration and to prepare for the cancelation of the Local Emergency Declaration and for the change in direction to resume discontinuance of service for nonpayment of water, electric, sewer and refuse utility services. The program revisions are shown as edits to the Restart program with strike through text for deletions and bold text for additions.

A. DELAYED START TO REPAYMENT

RPU shall provide that customers be provided with a ~~6-month~~ **sixty-day** 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~~ **Restart program** through ~~two months~~ **sixty days** after RPU resumes utility disconnections **for nonpayment**.

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.~~ **All 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 to customize**

payment arrangements with each customer to meet their needs in accordance to the Restart Program guidelines as determined by the Board and City Council.

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. **(no changes)**

D. ~~STANDARD 12-MONTH~~ REPAYMENT TIMELINE.

Customers will be provided ~~42 months~~ **up to 18 months from the day of the City Council authorizes RPU to resume service disconnections for non-payment** to repay their outstanding bill balance. ~~Twelve~~ Equal monthly payments will be **based on the payment arrangements as determined by the Restart Program guidelines** established for the customers. Customers may repay their outstanding balances early. For the **repayment** agreement to remain valid and for the customer to avoid disconnection, customers must **make on time payments for the current** ~~pay their~~ monthly utility bills plus the agreed upon monthly **repayment** payment.

Additional staff recommendations for the Restart Program include requiring customers to make a down payment on the past due utility account balance in exchange for a long term, no fee repayment agreement and to define the program eligibility date. Low-income qualified customers (200% Federal Poverty Guidelines) are eligible to enroll in the SHARE program and upon approval for SHARE may be eligible for a \$250 emergency deposit credit.

E. DOWN PAYMENT REQUIREMENT

Customers requesting a delinquent repayment plan as defined in the Restart program are required to provide 10% of their outstanding utility account balance to initiate the program. If the down payment is not received within sixty days of the City Council's direction to resume service disconnections or fourteen calendar days (whichever is later) of when the Restart installment plan was created, the arrangement will be considered terminated and the customer's account will be in risk of service disconnection pending a renegotiated repayment plan and receipt of an increased deposit requirement.

F. RESTART ELIGIBILITY

The program is designed for delinquent utility bills as of sixty days after the City Council terminates the Local Emergency Declaration and reverses the March 17, 2020 direction to suspend discontinuance of service for nonpayment of water, electric, sewer and refuse utility services. Any additional account delinquency amounts outside of this defined period are not be eligible for the Restart program.

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 (200% Federal Poverty Guidelines) and provides emergency/ deposit and monthly bill credit assistance. On March 8, 2021, and March 22, 2021, the Board and City Council respectively approved the SHARE emergency/deposit assistance increase from \$150 to \$250.

2. ERAP Emergency Recovery Assistance Program

This program was established in response to the COVID pandemic and 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, 4,699 customer accounts have benefitted with a total value of \$1,879,600.

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 April 16, 2021 and is now administered through United Lift. During the duration of the program, 59 customer utility accounts have benefitted with a total value of \$60,346.

FISCAL IMPACT:

Due to the ongoing situation with the pandemic, the total fiscal impact is unknown at this time. Funding is available in the Electric Public Benefits Low Income Assistance Residential COVID-19 Program Account No. 6020100-456100, with approximately \$3.1 million remaining as of April 29, 2021 of the approved \$5 million budget.

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Approved by: Al Zelinka, FAICP, City Manager

Approved as to form: Kristi Smith, Interim City Attorney

Concurs With: Kris Martinez, Public Works Director

Certifies availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Attachment: Presentation