



City Council Agenda Item

City Council Meeting Date: May 5, 2020

TO: Jim Throop, City Manager

FROM: Melinda Wall, Financial Services Manager
m_wall@ci.lompoc.ca.us

SUBJECT: Payment Options and Additional Assistance for City Utility Customers During the COVID-19 State of Emergency

Recommendation:

Staff recommends the City Council:

- 1) Receive and consider the information contained in this report concerning options for utility payments and payment arrangements during the COVID-19 State of Emergency;
- 2) Direct staff regarding payment options and/or any additional assistance to rate payers; or
- 3) Provide alternative direction.

Background:

During the April 7, 2020, City Council meeting, the City Council requested staff to come back with alternatives for assistance to customers unable to pay utility bills. There were concerns to reassure and assist the public during the COVID-19 pandemic where customers have been ordered to stay at home. Additionally, there was a request that the written information on the late notice forms be altered by color and word phrases.

Discussion:

The reminder statement has undergone wording changes to state that "This notice is just a reminder. Utility shutoffs have been suspended at this time. Please contact Utility Billing at 805-875-8253 if you would like to set up a payment plan. For bill payment assistance contact the HEAP program at 805-617-2897." The color of the paper will change from yellow to blue as soon as the order for blue paper has been delivered in about two to three weeks.

The following wording has been removed from the reminder.

- NOTICE OF DELINQUENCY & IMPENDING TERMINATION OF LOMPOC UTILITY SERVICES.
- PAYMENT OF THE PAST DUE AMOUNT MUST BE RECEIVED, OR PAYMENT ARRANGEMENTS MADE IN OUR OFFICE ON OR BEFORE (date) OR SERVICE MAY BE DISCONTINUED

Payment Options or Arrangements

Our normal method of payment arrangements prior to the COVID-19 State of Emergency is the following:

- No down payment required and 10-month payment plan: The payment arrangement requires that the customer pays the current amount due plus 10% of the original past due amount until the balance is zero.
 - If the customer does not maintain the payment schedule and the customer defaults on the payment arrangement, shut off procedures commence.

During the COVID-19 State of Emergency, payment arrangements and deferments are the following:

- Late fees have been suspended, no penalties or delinquent charges until after the City Council determines the COVID-19 State of Emergency is over.
- Turn offs have also been suspended, no turn offs until after the City Council determines the COVID-19 State of Emergency is over.
- Payment arrangements are available if the customer requests it. The payment arrangement requires the customer to pay the current amount due plus 10% of the original past due amount until the balance is zero. This is a 10-month payment plan. No late fees or shut off procedures until the COVID-19 State of Emergency is over. We have been working closely with customers, on a case-by-case basis, to modify contracts to help those customers who have been affected by the shut-down.
- Deferred payment if the customer cannot pay. There are no penalty or late charges until the City Council determines the City is no longer in a State of Emergency.

The City previously changed its policies due to Senate Bill 988 (SB998) adopted in February 2020 by the State concerning charges for water service. Pursuant to the City's new SB998 Policy, the City already allows the waiving of late fees. Under SB988, the Management Services Director, or his or her designee, shall, in the exercise of reasonable discretion, select the most appropriate alternative payment arrangement after reviewing the information and documentation provided by the customer and taking into consideration the customer's financial situation and the City's payment needs. This policy could be expanded to include those affected by the COVID-19 State of Emergency.

SB998 Policy for Alternative Payment Arrangements:

Any customer who is unable to pay for water service within the normal payment period may request an alternative payment arrangement to avoid late fees or disruption of service. The City will not discontinue water service for non-payment if a customer has requested, and entered into, an alternative payment arrangement. Payment arrangements that extend into the next billing period are considered an amortization plan, which must be in writing and signed by the customer.

For those affected by the COVID-19 State of Emergency, the payment plans could be altered as follows:

- The period of time that we allow the customer to pay the past due balance:
 - 10 Months, 12 Months, 18 Months, or 24 Months
- The portion of the past due amount that is paid each month:
 - Current bill plus \$50, \$100, or 10%
- A ramping up period to pay back the past due:
 - 3 months pay the normal current bill, then on the fourth month add 10% of the prior bill balance per month on the past due amount until the past due amount has been paid in full.
 - 3 months pay the normal current bill and an additional \$25, then on the fourth month change the \$25 additional amount to 10% per month of the prior past due amount until the past due amount has been paid in full.
 - 6 months pay the normal current bill and an additional \$25, then on the seventh month change the \$25 additional amount to 10% per month of the prior past due amount until the past due amount has been paid in full.

Any combination of these could work, but this would have to be an agreement with the customer signing off as to what they would agree to pay. (Defaulting on their payment arrangement would make the past due payment due immediately.) The waiving of the delinquent fees and turn offs would continue to be the easiest for the customers. Any alternation in payment plans would be more labor intensive.

The CDBG assistance program coming before the City Council would benefit low and moderate customers.

Additionally, as it has previously been mentioned, on the City's website there is a link for rate payer's assistance:

<https://www.cityoflompoc.com/government/departments/utilities/conservation>

Utility Bill Payment Assistance Available In Lompoc

The City of Lompoc wants to remind the community that there is help available for those paying their utility bills at this time.

The Community Action Commission (CAC) offers the Home Energy Assistance Program (HEAP) throughout the year. For those who qualify, the CAC will make a one-time payment to a customer's utility account, and the customer can reapply each year. The application process is simple, and can be completed online at:

<https://cacsb.org/low-income-assistance/energy-payment-services>.

Applications are also available on the City of Lompoc's website:

<https://www.cityoflompoc.com/government/departments/utilities/conservation>

A credit of up to \$9 per month is available to an electric utility account holder with a total household income of 80% or less of area median income by household.

Lompoc city staff is available to assist, despite city hall doors being closed. Those needing a copy of their utility bill sent directly to the CAC office, or those with other related questions, should call (805) 875-8253. CAC staff is also available remotely, and can be reached at (805) 617-2897.

The City encourages customers to participate in the LIHEAP (HEAP) program. The HEAP program contact for Lompoc is:

Community Action Commission of Santa Barbara County
5636 Hollister Ave. Ste. 301
Goleta, CA 93117

In addition, the City has placed HEAP applications in the stand outside the main doors of Lompoc City Hall, 100 Civic Center Plaza. Completed applications can be emailed to energyinfo@cacsb.com or Guribe@cacsb.com, or can be dropped off in the designated box outside the Lompoc CAC HEAP office, 120 W. Chestnut Ave.

City staff can also mail to a residence HEAP applications by special request. Community members in need of utility bill payment assistance are urged to use the HEAP program as soon as possible, and while funding is available for the program.

Fiscal Impact:

Considerations in reviewing the fiscal impact due to the closure of the Civic Center cover items such as delinquency fees, turn off fees. During each month, there are four Utility Billing (UB) groups. For the four UB groups, the total delinquent charges that were waived so far was \$19,359.

DELINQUENT CHARGES WAIVED			
DATE	GROUP	ACCTS	AMOUNT
3/24/2020	4	1249	\$ 4,178
4/1/2020	1	1471	6,090
4/7/2020	2	1383	4,809
4/14/2020	3	1603	4,282
		5706	\$ 19,359

Revenues from all Utilities are approximately \$4.7 million monthly. The delinquent charges the City has waived over the last four weeks was 0.43% of the utility revenues normally received in a month.

Conclusion:

Staff has made adjustments on the notices and is in the process of changing the color of the paper to blue to continue to let the customers know what their balance is, the current amount and the prior amounts.

At this time, staff is requesting to continue to utilize and expand the payment agreements already in place or modify them to meet utility customers' needs. Continuing those measures for a couple of additional months after state shelter-in-place restrictions are lifted would allow Utility customers time to restore their employment and income.

Respectfully submitted,

Melinda Wall, Financial Services Manager

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Dean Albro, Management Services Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager