



DATE: February 22, 2022

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Authorizing the City Manager to Accept and Appropriate Funds for the California Water and Wastewater Arrearage Payment Program for Drinking Water Arrearages in an Amount Not-to-Exceed \$1,853,487

### **RECOMMENDATION**

That Council adopts a resolution (Attachment II) authorizing the City Manager to accept and appropriate funds for the California Water and Wastewater Arrearage Payment Program (CWWAPP) for drinking water arrearages in an amount not-to-exceed \$1,853,487.

### **SUMMARY**

Last fall, staff applied for funding through the CWWAPP, a program administered by the State Water Resources Control Board (SWRCB), to reduce delinquent water and wastewater balances for customers experiencing financial hardships related to the pandemic. Staff requested funding to cover all of Hayward residential and commercial customers' eligible delinquent bill amounts and the City has been awarded 100% of the request. Staff is now seeking authorization to accept and appropriate the awarded funds in an amount not-to-exceed \$1,853,487 in Water Operating Fund 605. Awarded funding must be used to credit commercial and residential accounts that still have outstanding bills from the pandemic period, defined as March 4, 2020 to June 15, 2021.

### **BACKGROUND**

The economic impacts resulting from the COVID-19 pandemic have left many Californians unable to pay their water and wastewater bills. In response, nearly \$1 billion in Federal American Rescue Plan Act (ARPA) funding was allocated to the SWRCB to administer a program to reduce delinquent water and wastewater balances for customers experiencing financial hardships related to the pandemic.

Last fall, California community water systems were given the opportunity to report their residential and commercial customers' delinquent bill amounts during the pandemic period, defined as March 4 2020 to June 15, 2021, and apply for CWWAPP funding to credit those delinquent customers' accounts, thereby forgiving their debt.

## **DISCUSSION**

Hayward commercial and residential customers' delinquent bills for drinking water during the pandemic period totaled \$1,799,502. This amount is owed by 3,474 residential accounts and 160 commercial accounts. Staff requested funding through the CWWAPP to cover this entire amount, plus an additional 3%, or \$53,986, for costs to administer the program. Administrative requirements include posting funds to customer accounts within sixty-days of receipt, notifying customers of the posted funds, as well as direct noticing to customers who still have remaining debt and offering to enroll them in a payment plan. Additional program requirements can be found in the Program Guidelines, posted on the SWRCB website<sup>1</sup>.

Only drinking water arrearages incurred by commercial and residential customers were eligible for funding during this initial phase of the Program. In early February, the SWRCB opened up the application window for agencies to request payments to offset their commercial and residential customers' wastewater arrearages. Staff will similarly apply for these funds and return to Council for authorization to accept and appropriate these wastewater arrearage funds once the eligible amount has been determined and approved by the State.

## **ECONOMIC IMPACT**

People of color and low-income communities have and continue to be disproportionately impacted by COVID-19, and these funds will provide much-needed relief to local residents and commercial business owners who were hit hardest by the crisis. The assistance will aid both Hayward water customers and the local economy in its recovery from the pandemic.

## **FISCAL IMPACT**

A total of \$1,853,487 has been awarded to the City to offset customer's drinking water arrearages and administer this program. If approved by Council, this amount will be accepted as revenue in Water Operating Fund 605, and will then be appropriated so it may be posted to eligible customers' accounts and spent on eligible administrative costs. It is important to note that any pandemic-period water debt which a customer has paid between the date this amount was calculated and the date funds would be posted to their account becomes ineligible for coverage under the program and must be returned to the State. For this reason, it is possible that the total amount accepted and appropriated within Fund 605 may be less than the award amount reflected in this report.

## **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority of Grow the Economy. Specifically, this item relates to the following project categories:

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<sup>1</sup> [https://www.waterboards.ca.gov/arrearage\\_payment\\_program/](https://www.waterboards.ca.gov/arrearage_payment_program/)

Project 14: COVID-19 Pandemic Response

Project 15: COVID-19 Pandemic Recovery Business Assistance

This agenda item also supports the Strategic Priority of Improve Organizational Health. Specifically, this item relates to the following project categories:

Project 1: Maintain and expand fiscal sustainability

Project 22: Budget Changes due to COVID-19

### **SUSTAINABILITY FEATURES**

This item does not involve any sustainability features.

### **PUBLIC CONTACT**

The CWWAPP has several public contact requirements, including that the City must notify customers when funds are posted to their accounts. The City must also send a direct notice to customers who still have remaining debt, offering to enroll them in a payment plan. A full list of the program requirements can be found in the Program Guidelines, posted on the SWRCB website<sup>2</sup>.

### **NEXT STEPS**

If approved, staff will accept and appropriate the CWWAPP funds in Water Operating Fund 605 to administer the program per the program requirements. Staff will also submit an application for eligible wastewater arrearages to the SWRCB and will return to Council for authorization to accept and appropriate the wastewater award amount.

*Prepared by:* Kait Byrne, Acting Senior Management Analyst

*Recommended by:* Alex Ameri, Director of Public Works

*Approved by:*



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Kelly McAadoo, City Manager

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<sup>2</sup> [https://www.waterboards.ca.gov/arrearage\\_payment\\_program/](https://www.waterboards.ca.gov/arrearage_payment_program/)