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Title: ***RESOLUTION - Authorizing the Department of Public Utilities to apply for and participate in the California Water and Wastewater Arrearage Payment Program for wastewater arrearages funding (Subject to Mayor's Veto).

Sponsors: Department of Public Utilities

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Attachments: 1. Resolution – Authorization for Department of Public Utilities to Apply for and Participate in CWWAPP.pdf

Date	Ver.	Action By	Action	Result
3/10/2022	1	City Council	ADOPTED	Pass

REPORT TO THE CITY COUNCIL

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SUBJECT

***RESOLUTION - Authorizing the Department of Public Utilities to apply for and participate in the California Water and Wastewater Arrearage Payment Program for wastewater arrearages funding (Subject to Mayor's Veto).

RECOMMENDATION

Staff recommends that City Council adopt a Resolution authorizing the Department of Public Utilities to apply for and accept wastewater arrearages funding through the California Water and Wastewater Arrearage Payment Program (CWWAPP).

EXECUTIVE SUMMARY

The CWWAPP is designed to help community water and wastewater systems address past-due bills accumulated from March 4, 2020 to June 15, 2021, the COVID-19 pandemic bill relief period. The Fiscal Year 2021-22 State Budget Act appropriated \$985 million from the Coronavirus Fiscal

Recovery Fund, established by the American Rescue Plan Act of 2021 (ARPA). The State Water Resources Control Board (SWRCB) is responsible for administering the program for making payments to community water and wastewater systems to forgive residential and commercial customer arrearages accrued during the COVID-19 pandemic bill relief period.

City Council adopted Resolution No. 202-303 on December 2, 2021, authorizing the Department of Public Utilities (DPU) to participate in the Water Arrearages Program and submit an application for approximately 12,650 eligible residential and commercial water accounts with \$4.1 million in arrears. Following the implementation of the Water Arrearages Program, approximately \$600 million in funding remained, and on January 19, 2022, the SWRCB amended the Guidelines for the CWWAPP adding the Wastewater Arrearages Program. The City of Fresno (City) is again eligible to participate in the Wastewater Arrearages Program and apply for a total of \$2,088,204.45 which will be applied directly to past due balances on approximately 10,220 eligible residential and commercial wastewater customer accounts, thereby reducing accounts receivable and the potential of bad debt incurred by the utility.

The application period for wastewater agencies is February 1 through April 1, 2022. Not approving the Resolution authorizing DPU to participate in the program will risk the ability of the City to meet the application period deadline and take advantage of this program.

BACKGROUND

On March 4, 2020, Governor Newsom proclaimed a state of emergency due to the COVID-19 pandemic and issued Executive Order N-42-20 prohibiting discontinuation of water service indefinitely, issued Executive Order N-33-20 to require individuals to stay at home except as needed to maintain continuity of critical operations, and issued Executive Order N-60-20 that created a risk-based approach to reopening the economy, among other executive actions. The stay at home order and risk-based reopening framework were rescinded on June 11, 2021, by Executive Order N-07-21 and many provisions of other Executive Orders were phased out by Executive Order N-08-21.

On March 19, 2020, in response to this order and other pandemic related issues, the City Council suspended utility shutoffs due to non-payment and waived all late fees and interest. As a result, the accounts receivable amount for the period of 61 to 365 days has increased dramatically from approximately \$0.9 million in FY 2020 to \$2.5 million in FY 2021.

In response to the economic impacts caused by the COVID-19 pandemic and associated public health measures, including leaving many Californians unable to pay their utility bills due to lack of reliable and consistent employment, the State Budget Act of 2021 included \$985 million for the SWRCB to administer the CWWAPP to provide relief to community water and wastewater systems for unpaid bills related to the pandemic from March 4, 2020 through June 15, 2021. The funding source for CWWAPP is a portion of the State's share of the Coronavirus State Fiscal Recovery Fund established under ARPA.

On September 21, 2021, the SWRCB adopted program guidelines establishing the process and criteria for the allocation and administration of funds appropriated for the program, including customer notification and protection requirements. These guidelines were for water agencies only. The application period for water agencies opened on October 5, 2021, with a deadline for submission of December 6, 2021.

On December 2, 2021, City Council adopted Resolution No. 202-303 authorizing the Department of Public Utilities (DPU) to participate in the Water Arrearages Program and submit an application for approximately 12,650 eligible residential and commercial water accounts with \$4.1 million in arrears. Following the implementation of the Water Arrearages Program, approximately \$600 million in funding remained, and on January 19, 2022, the SWRCB amended the Guidelines for the CWWAPP adding the Wastewater Arrearages Program, and expanded the initial program to accept applications from Wastewater agencies beginning February 1, 2022 through April 1, 2022.

The City is eligible to apply to receive \$2,088,204.45 in CWWAPP funding on behalf of approximately 10,220 eligible residential and commercial wastewater customers' (commercial excludes industrial, agricultural irrigation, or landscape irrigation) bills that are 60 days or more past due during the period starting March 4, 2020 and ending June 15, 2021. This includes both active and inactive accounts, as well as customer accounts that have payment plans or payment arrangements. Within 60 days of receiving CWWAPP funding, the City will allocate payments as bill credits directly to customer accounts to help address past-due billed amounts for wastewater services and will notify customers of the amounts credited to their accounts.

The Resolution for authorization to apply and participate in the CWWAPP to receive funding for wastewater customers has been approved as to form by the City Attorney's Office. Adoption of this Resolution and identifying an individual authorized to execute agreements and provide required forms is necessary to proceed. As part of its application, the City must provide a completed Authorized Representative Delegation Form and Conditions of Payment form.

ENVIRONMENTAL FINDINGS

By definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, application and participation in CWWAPP is not a project.

LOCAL PREFERENCE

Local preference was not implemented, as this item does not involve a bid or award of a construction or services contract.

FISCAL IMPACT

Acceptance of the CWWAPP funding will not impact the General Fund. The funds received will be used to reduce or eliminate past due balances on certain residential and commercial wastewater customer accounts. This will reduce accounts receivables and the potential of bad debt incurred by the Wastewater enterprise system. All funds, totaling \$2,088,204.45, plus allowable program costs as applicable, will be deposited in the Wastewater Enterprise Fund (40501).

Attachment:

Resolution - Authorization for Department of Public Utilities to Apply for and Participate in CWWAPP