

Collection Strategy for Delinquent Single-Family Residential Accounts

Finance/Administration Committee

November 24, 2020

Agenda

- Delinquency trends
- Response to Board input
- Customer programs
- Next steps



Review of Delinquency Trends and Potential Impacts



- Over 7,000 SFR delinquencies reaching shutoff status since March 2020
- Reinstating shutoffs could affect many of these SFR customers
- More than 55% of SFR delinquent accounts are in disadvantage communities
- Added financial exposure can be reduced by incorporating new steps in collection process

Flow Restrictor vs. Shutoff Cost

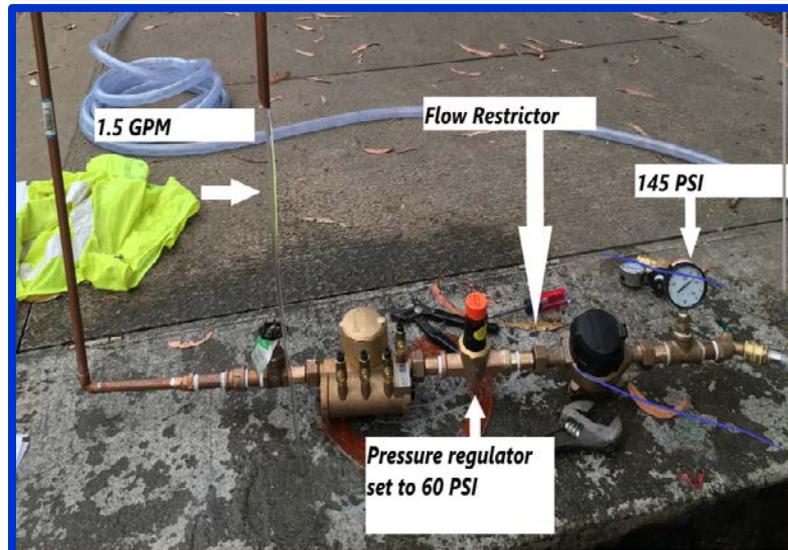
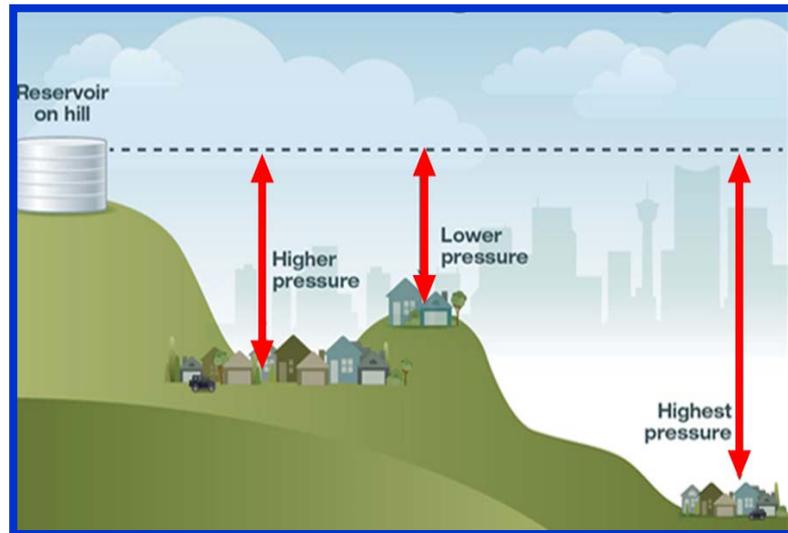


Service Shutoff (2 service trips)	Flow Restrictor (1" or smaller)	Flow Restrictor (1.5" or larger)
\$100	\$127	\$273

A red double-headed arrow is positioned between the \$100 and \$127 values, indicating a comparison between the service shutoff cost and the cost of a flow restrictor for 1" or smaller meters.

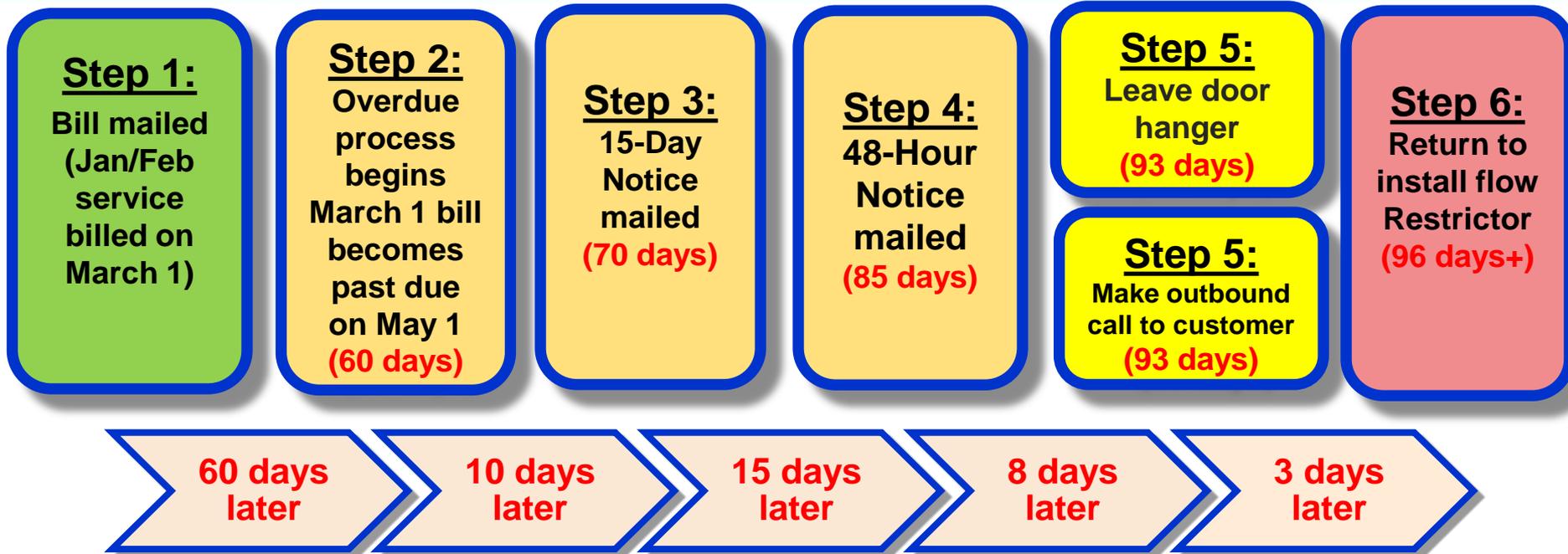
- Cost of flow restrictor is comparable to shutoff charge
- >98% of single-family customers have meters 1" and smaller
- CAP could provide participants assistance in paying fees associated with flow restrictors
- Existing framework in place to offset cost for CAP

Impact to Customers



- District's system ranges from 40 psi to 130 psi
- Propose 0.5 GPM flow rate
- An alternative to water shutoffs
- Provides enough water to meet basic water needs
- Higher flow rate may reduce effectiveness

Prioritizing Outreach Activities and Enhanced Notifications



- Targeted and expanded outreach
- Flow restrictors installed after notices have been exhausted
- Customers with medical certification from a licensed primary care provider are exempted

Balancing the Need for Water and Cost of Water Used



- Flow restrictor limits volume of water used
- Accumulation of arrears could remain low even when customer remains unresponsive
- Signal to customers to pay their bills or enter into payment plans
- Encourage eligible customers to apply for CAP
- Flow restrictor could be as effective as shutoff

Revisiting Retroactive CAP



- Retroactive CAP discount was discussed with the Board in January 2019
 - Create an incentive for new applicants to carry a delinquent balance
 - Retroactive CAP discounts on delinquent balances could be viewed as inconsistent with the District's policy on payment of bills
 - Could be viewed as unfair for new CAP applicants without delinquent balances
 - High cost to administer with limited benefit to a small number of eligible customers
- Board directed staff to increase CAP enrollment through targeted outreach instead

Customer Programs



- Financial assistance
 - Customer Assistance Program
 - Flexible payment plans/extensions
 - City sewer collection charge credit (city funded)
- Water use efficiency programs
- Water quality testing
- Customer outreach, communication, and education
- Flow restrictors

Implementing Flow Restrictors



- Implementation after Executive Order No. N-42-20 is rescinded and after additional customer outreach
- Adopt a resolution to express the District's intent to implement flow restrictor strategy

Resolution Principles and Actions

- Recognize that “every human being has the right to safe, clean, affordable, and accessible water,” and that the human right to water extends to all Californians, including disadvantaged individuals and groups and communities
- Highlight how COVID-19 pandemic has underscored the importance of water
- Ensure compliance with Proposition 218
- Develop more progressive alternatives to address delinquencies among residential customers rather than shutoffs
- Continue to offer a suite of financial assistance, water conservation, and water quality programs to assist customers

Next Steps

- Information will be presented to the Board during its afternoon meeting
- Based on feedback, a resolution will be prepared for Board consideration on December 8, 2020
- Engage community stakeholder and research institutions
- Present plan to the Board at the February 2021 CAP Workshop



Questions & Discussion