

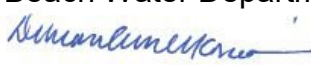



Date: August 19, 2022

To: Thomas B. Modica, City Manager 

From: Robert Dowell, Director, Energy Resources 
Christopher J. Garner, General Manager, Long Beach Water Department 
Diko Melkonian, Deputy Director, Public Works 
Kevin Riper, Director, Financial Management 

For: Mayor and Members of the City Council

Subject: **Update – Extension of Utility Relief Program, Resumption of Utility Late Fees/Shut-offs**

In a [memorandum](#) issued on February 4, 2022, Energy Resources, Water, Public Works, and Financial Management Departments (collectively titled Utility Services) detailed the extension of efforts undertaken to provide maximum relief to utility customers impacted by the COVID-19 pandemic. Since March 2020, Utility Services has suspended late fees, service terminations for failure to pay (shutoffs), and collection efforts for its utility customers. Additionally, Utility Services secured over \$3 million in funding from State and Federal programs to financially aid Long Beach utility customers with balances owing on their utility accounts. As these programs sunset, Utility Services is developing a strategy to continue to support its customers while slowly phasing in the resumption of late fees, shutoffs, and collection efforts.

State Utility Arrearage Payment Programs

The City of Long Beach's (City) gas and water utilities successfully received and distributed funding through the State of California initiated California Arrearage Payment Program (CAPP) and California Water and Wastewater Arrearage Payment Program (CWWAPP). Between March and July 2022, funds were credited to Long Beach gas, water, and sewer customers with arrearages accrued during the COVID-19 Pandemic Bill Relief Period, defined by the State Payment Program as March 4, 2020 to June 15, 2021.

The Energy Resources Department received CAPP funding of \$1,574,208 for gas customers with arrearages. The Water Department received CWWAPP funding of \$1,429,546 for water customers with arrearages and an additional \$160,538 for sewer customers with arrearages. CWWAPP funding was sufficient to cover eligible water and sewer arrearages for both residential and commercial accounts. Long Beach received sufficient CAPP funding to cover all qualifying residential gas accounts; however, the remaining available CAPP funding was only sufficient to cover a portion of the qualifying commercial accounts. The State did not provide funding for refuse arrearages.

Additional State Funding

In its 2022-23 State budget, California allocated an additional \$1.4 billion to address remaining statewide residential water and energy (electricity and natural gas) arrearages:

- **CAPP 2** —\$1.2 billion in one-time California Emergency Relief Funds to extend CAPP support to further address residential energy (electricity and natural gas) arrearages incurred during the COVID-19 Pandemic.
 - CAPP 2 funding will be available to Long Beach residential gas customers with outstanding arrearages incurred between June 16, 2021 through December 31, 2021.
 - Consistent with prior CAPP funding, CAPP 2 funds will be allocated to Utility Services and automatically credited to active residential customer accounts with eligible arrearages.
 - Commercial accounts are not eligible for bill credits in CAPP 2.
 - The projected timeline for CAPP 2 implementation requires that utilities apply for funding in October 2022 and post bill credits to customer accounts no later than January 2023.
 - Utility Services must comply with the CAPP 2 terms and conditions (similar to the first round of funding):
 - Utility services will not be discontinued due to nonpayment for customers with arrearages accrued during the second COVID-19 Pandemic Bill Relief Period (June 16, 2021 – December 31, 2021). The CAPP 2 funding does not contemplate coverage of any portion of the 2022 or following calendar years.
 - Late fees and interest accrued during the second COVID-19 Pandemic Bill Relief Period will be waived for eligible customers that are credited CAPP 2 benefits.
 - Customers that receive CAPP 2 benefits and have a remaining balance after that benefit is applied must be notified of the option to enter into an extended payment plan for the remaining balance.
 - No disconnections of utility services for CAPP 2 recipients shall occur, regardless of remaining balance, for 90 days after the benefit is applied. During this time, late fees and penalties will also be waived.
 - After 90 days, customers who received CAPP 2 benefits will be subject to regular utility processes and procedures.
- **Low Income Household Water Assistance Program (LIHWAP)**— \$200 million one-time federal funding authority to further address statewide residential water and wastewater arrearages incurred during the COVID-19 Pandemic.
 - For water customers, LIHWAP is now available to qualifying residential accounts. LIHWAP is a temporary program, created in response to the COVID-19 pandemic, and is set to expire in August 2023.

- An important distinction of this funding is that the customer must apply to receive funds.
- LIHWAP is administered through Long Beach Community Action Partnership (LBCAP) and funding is available on a first come, first serve basis. Customers should contact LBCAP (<https://lbcap.org/> or 888.351.4061) for more information or to fill out an application.

Resumption Of Late Fees/Utility Turnoffs/Collections

For nearly two and a half years, Utility Services has continued to suspend late fees, penalties, and shut-offs due to nonpayment as part of our ongoing customer relief efforts. Utility services have been continually provided without interruption, regardless of a customer's inability to pay for such services.

Utility Services offers extended payment plans to best fit individual customer circumstances. Despite expanded payment plans and various financial relief programs, some customers continue to accrue arrearages. As of July 27, 2022, Utility Services had a total of \$7.3 million in customer arrearages: \$3,202,749 in gas arrearages, \$1,640,492 in water/sewer arrearages, and \$2,509,602 in refuse arrearages. If these arrearages are not eventually collected from customers that received services, these amounts will need to be recovered from remaining customers through higher rates.

To avoid recoupment from remaining customers through higher rates, it will be necessary to resume late fees, service shutoffs, and collections as disincentives for not paying for utility services received. Utility Services believes the most effective approach to resuming these payment incentives will be a preemptive customer outreach program to be followed by a phased approach to potential service shutoffs.

○ Commercial/Industrial Customers

- **The first phase of the resumption of utility shutoffs will be limited to commercial/industrial customers, beginning October 1, 2022. At present, this would impact approximately 306 commercial/industrial accounts out of 5,700 active accounts.**
- Immediately, Utility Services will begin targeted outreach to commercial customers with arrearages, to encourage either full payment of the arrearage or at least entering (and following) a formal payment plan. All utility accounts that enter a payment plan and stay current on those payments will not be subject to shutoffs.
- These customers will be notified that they will be subject to utility service termination if they fail to take the required payment actions.
- The resumption of late fees for commercial customers will coincide with the later resumption of late fees for residential customers.

○ **Residential Customers**

- **The second phase of the resumption of utility shutoffs, will be for residential customers, beginning no earlier than March 1, 2023. At present, this would impact approximately 12,000 residential accounts out of 98,000 active accounts.**
- Utility Services will launch a residential customer outreach campaign prior to the resumption date and will continue to work with customers to offer flexible extended payment arrangements.
- The March 1, 2023 date is the earliest possible date that the City would be allowed to resume gas service shutoffs for residential customers, based on the CAPP 2 requirement of a 90-day moratorium.
- This date will also be used to resume the charging of late fees and collection processes.
- While the City may be allowed to reinstitute water service shutoffs sooner than March 1st, Utility Services believes it best to coordinate the timeframe for gas and/or water shutoffs to both simplify a consistent messaging for customers as well as to provide additional time for water customers to adequately address their arrearages.

If you have any questions, please contact Chris Garner at 562.570.2318 or Bob Dowell at 562.570.2001.

CC: BOARD OF WATER COMMISSIONERS
CHARLES PARKIN, CITY ATTORNEY
DOUGLAS P. HAUBERT, CITY PROSECUTOR
LAURA L. DOUD, CITY AUDITOR
LINDA F. TATUM, ASSISTANT CITY MANAGER
TERESA CHANDLER, DEPUTY CITY MANAGER
KATY NOMURA, DEPUTY CITY MANAGER
APRIL WALKER, ADMINISTRATIVE DEPUTY CITY MANAGER
KEVIN LEE, CHIEF PUBLIC AFFAIRS OFFICER
MONIQUE DELAGARZA, CITY CLERK
DEPARTMENT HEADS