



SUMMARY REPORT

Agenda Date: 6/13/2022

To: Board of Directors, Sonoma County Water Agency, Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, South Park County Sanitation District

Department or Agency Name(s): Sonoma County Water Agency

Staff Name and Phone Number: Lynne Rosselli, 707-524-3771

Vote Requirement: Majority

Supervisory District(s): All

Title:

Federal Relief for Unpaid Wastewater Bills

Recommended Action:

Concurrent actions of the Boards of Directors of the Sonoma County Water Agency, Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, and South Park County Sanitation District:

- A) Ratify and approve the signing and filing of applications and related documents to the State Water Resources Control Board's Wastewater Arrearages Program on April 1, 2022, and the California Department of Community Services and Development's Low-Income Household Water Assistance Program on April 30, 2022.
- B) Authorize the General Manager of Sonoma County Water Agency or designee to sign and file any and all documents necessary to apply for and receive moneys from the State Water Resources Control Board for the California Water and Wastewater Arrearages Payment Program.
- C) Authorize the General Manager of Sonoma County Water Agency to sign and file any and all documents necessary to apply for and receive moneys from the California Department of Community Services and Development for the Low-Income Household Water Assistance Program.

Executive Summary:

The COVID-19 pandemic has made it difficult for many Californians to pay their bills due to job loss and other hardships. As a result, systems that provide wastewater services to customers have been financially impacted.

The Consolidated Appropriations Act (2021) and the American Rescue Plan Act (2021) were enacted by Congress to provide fast and direct economic assistance for American workers, families, small businesses, and industries. Federal funds made available to the state of California have resulted in two financial assistance programs aimed at reducing or eliminating unpaid bills for wastewater services accrued during the pandemic. Both programs provide funds to wastewater service providers to cover these debts, and both programs are one-time relief efforts. These programs are the California Water and Wastewater Arrearage Payment Program (CWWAPP), administered by the State Water Resources Control Board (SWRCB), and the Low-Income Household Water Assistance Program (LIHWAP), administered by the California Department of Community Services and Development (CSD).

Sonoma County Water Agency (Sonoma Water) has applied to both programs to obtain funds to credit the

accounts of eligible customers who have fallen behind in their payments. Sonoma Water has applied on behalf of the County Sanitation Districts and sanitation zones managed, operated, or owned by Sonoma County Water Agency.

Discussion:**Background/History**

California is the nation's most populous state, with nearly 40 million residents. Close to one-third of the population lives in households with incomes below \$50,000 a year, or approximately 200 percent of the federal poverty level for a family of four. The cost of wastewater treatment can vary widely across the state, and variance in rates is mainly attributable to factors such as treatment needs, regulatory requirements, economies of scale, historical system maintenance, and capital investment. In both urban and rural communities, financially challenged households struggle to pay wastewater bills. Feedback from wastewater providers indicates substantial COVID-related arrearage debt for wastewater. While exact numbers are not available, it is estimated COVID-related wastewater arrearages across the state may total several hundred million dollars.

The COVID-19 pandemic has made it difficult for many Californians to pay their bills due to job loss and other hardships. As a result, systems that provide wastewater services to customers have been financially impacted. The Consolidated Appropriations Act (2021) and the American Rescue Plan Act (2021) were designed to provide fast and direct economic assistance for American workers, families, small businesses and industries.

Federal funds made available to the state of California have resulted in two financial assistance programs aimed at reducing or eliminating unpaid bills for wastewater services accrued during the COVID -19 pandemic. Both these programs are one-time relief efforts that will provide funds to wastewater service providers to cover these debts. The programs are non-competitive, meaning if the household is eligible, relief funding will be applied.

Sanitation District and Zones Managed by Sonoma Water

Sonoma Water owns, operates, and manages four sanitation zones: Airport/Larkfield/Wikiup Sanitation Zone, Geyserville Sanitation Zone, Penngrove Sanitation Zone, and Sea Ranch Sanitation Zone (Zones). In addition, Sonoma Water operates and manages four county sanitation districts under contract with each district: Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, and South Park County Sanitation District (Districts).

On behalf of the Districts and Zones, Sonoma Water has applied to both relief programs in order to use the funds to credit the accounts of eligible customers who have fallen behind in their payments.

The California Water and Wastewater Arrearages Payment Program, administered by the State Water Resources Control Board

The California Water and Wastewater Arrearages Payment Program (CWWAPP) provides up to \$1 billion in financial relief to cover debt accrued during the pandemic by customers of drinking water and wastewater agencies.

Funding is available for debt accrued from March 4, 2020, through June 15, 2021. Once they receive funding, wastewater agencies have 60 days to credit customer accounts and let customers know in writing that the debt has been cleared or reduced. Wastewater agencies must also waive late fees and interest for these customers.

CWWAPP requested that debt amounts be presented in a single lump sum if an entity was submitting on behalf of multiple wastewater service providers. Estimates of the total debt amount were calculated by collecting the past due amounts per District and Zone during the eligible debt period. (A breakdown by specific District and Zone is included in the Fiscal Narrative section below.) These amounts were rolled up into a consolidated estimated debt amount of \$378,109.66. The program also allows an additional 3% of the debt amount to be applied to administrative costs, bringing the total requested reimbursement amount to \$389,452.95. Sonoma Water will work with the property tax division to credit customers in each of the districts and zones that meet program eligibility requirements.

Applications for this program were due April 1, 2022. The total amount estimated in the application was \$389,452.95, including \$11,343.29 in administrative costs. Reimbursement checks are expected to be distributed by the state to Sonoma Water beginning on May 15, 2022.

The Low-Income Household Water Assistance Program (LIHWAP), administered by the California Department of Community Services and Development

The Low-Income Household Water Assistance Program (LIHWAP) provides financial assistance to low-income households who have struggled to make water and/or wastewater payments prior to, and during the COVID-19 pandemic. Administered by the California Department of Community Services and Development (CSD), the program will operate through August 31, 2023.

CSD is working in close coordination with the SWRCB to ensure LIHWAP serves customers whose needs are unmet by the CWWAPP program, including customers with arrearages that accrued outside of the COVID-19 pandemic bill relief period (March 4, 2020, through June 15, 2021). The program has a maximum one-time benefit of \$2,000 per household.

For the LIHWAP, Sonoma Water is only required to enroll in the direct pay program. CSD and its third-party funds disbursement partner, HORNE LLP, are jointly responsible for completing the enrollment of eligible water systems in the direct pay program, identifying eligible households, and managing the issuance of financial assistance payment to water and wastewater systems.

Sonoma Water will be responsible for accepting the LIHWAP payment on behalf of its customers, and coordinating credits to customer accounts, assisting with promoting the program to their customers, and notifying the customer that the LIHWAP benefit has been applied to their account.

Application details:

Enrollment packages for this program were due April 30, 2022. The enrollment packages included an enrollment form, signed enrollment agreement with Horne, LLC, and W-9 forms for the districts and zones.

Next Steps:

Staff will report back on disbursements and program success after the funds have been received and applied to household accounts. This is anticipated to be by the end of the 2022 calendar year.

County Strategic Plan:

N/A

Sonoma Water Strategic Plan Alignment:

Wastewater Treatment and Water Reuse, Goal 2: Improve the financial health of wastewater treatment and water reuse systems.

The CWWAPP and LIHWAP programs are aimed at reducing or eliminating unpaid bills for wastewater services accrued during the COVID -19 pandemic. Both these programs are one-time relief efforts that will provide funds to wastewater service providers to cover these debts.

Prior Board Actions:

None.

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

State income will be from the California Water and Wastewater Arrearages Payment Program, administered by the State Water Resources Control Board.

State funds of \$389,452.95 were requested and are pending approval. The amount includes reimbursement of 3% to cover administrative costs. The table below shows the amount per district and zone:

	Number of Eligible Customers	Eligible Arrearages
--	------------------------------------	------------------------

Agenda Date: 6/13/2022

Airport-Larkfield Wikiup Sanitation Zone	26	28,205
Geyserville Sanitation Zone	15	8,971
Penngrove Sanitation Zone	8	7,369
Sea Ranch Central Sanitation Zone	2	1,018
Sea Ranch North Sanitation Zone	12	8,294
Occidental County Sanitation District	2	10,737
Russian River County Sanitation District	110	115,219
Sonoma Valley County Sanitation District	270	155,673
South Park County Sanitation District	46	42,623
TOTAL	491	378,110
Administrative Costs		11,343
Total With Administrative Costs		389,453

The Low-Income Household Water Assistance Program (LIHWAP), administered by the California Department of Community Services and Development

Eligible low-income households who have struggled to make wastewater payments will receive up to \$2,000. Income eligibility will be determined by the state's service provider in cooperation with Sonoma Water.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

Direct Payment Agreement between Horne LLP and Sonoma County Water Agency.

Related Items "On File" with the Clerk of the Board:

None.