

Potential Customer Assistance Alternatives During COVID-19 Pandemic

June 9, 2020

Objective: Follow Up on Alternatives discussed at 4/28 Board Meeting

1. Silicon Valley Strong Partnership
2. Pursue Partnerships with local municipalities to Assist with Water Related Activities
3. Targeted assistance to end customers via loan program to retailers
4. Opportunities to initiate near term Valley Water work to be carried out by Small Businesses

**New
Alternative**

Partnership with Silicon Valley Strong:

- Fund providing financial resources to individuals and families, nonprofits, and small businesses.

Potential Opportunity:

- Create a specific fund for Valley Water that would target customers in need of financial relief.
- Valley Water would be responsible for fundraising and/or soliciting donations for the fund.

Next Steps:

- Staff to receive Board direction on whether to pursue this partnership opportunity.
- Staff to continue discussions with Silicon Valley Community Partnership and will assess operational feasibility.

Pursue Partnerships to Assist with Water Related Programs

- **Concept:** Provide financial or other assistance to municipalities for water-related projects
- **Objective:** Help reduce the budgetary burden of the local COVID response
- **Potential Opportunities:**
 - Supplementary assistance with trash cleanups along waterways
 - Contribution of funding for stormwater drainage and pollution prevention programs
 - Contribution of funding to support municipal water supply projects
 - Delivery of technical support in Hydrology, Hydraulics, and Geomorphology
- **Costs:** Will depend on the opportunities the Board directs staff to pursue, as well as the specific needs of our partners; many opportunities can be supported by a contribution at whichever funding level our budget will allow
- **Next steps:**
 - Staff to receive Board direction on which opportunities to pursue further, or alternative opportunities to explore
 - Staff to conduct in-depth budget and feasibility analysis
 - Stakeholder discussions and implementation plans or agreements

Targeted Assistance via Loan Program Through Retailers

Concept: Loan to retailers to temporarily fund unpaid end customer water bills

- Loan to be “forgiven” if unpaid water bill caused by end customer hardship that remains unchanged during life of program

Potential Process

- End customer can't pay retailer water bill
- Retailer tallies up total unpaid water bills at month end
- Retailer draws down Line of Credit (LOC) established with VW to fund unpaid bills for that month
- Retailer draws down LOC each month until pandemic ends or loan maximum is reached
- Retailer pays back loan after pandemic ends, and...
- Retailer requests “forgiveness” for portion of loan that represents end customers that didn't pay due to hardship

Potential Program Terms

- \$5M maximum program allocated to retailer based on proportion of population served
 - If certain retailers decline to participate, the proportion amongst remaining retailers would be adjusted accordingly
 - Proposed funding source: 1% Ad Valorem Property Taxes from General Fund or Watershed Stream Stewardship Fund
 - Program maximum could be increased later depending on how Pandemic impacts unfold
- LOC can be drawn down for 1 year after program inception or until 2 months after Shelter-in-place order is fully lifted, whichever is longer
- Zero percent interest: no prepayment penalty (option to do one-time administrative fee)
- Retailer has 12 months to pay back loan after pandemic ends in lump sum or monthly payments
- Acceptable hardship documentation for forgiveness to be provided to VW by retailer:
 - Proof of low-income household as defined by California Housing and Community Development (HCD) supported by prior year federal tax return (current income limit for 4-person household is \$112,150 per year), and;
 - Proof of unemployment during program timeframe or proof of hardship during pandemic

Potential Program Cost

- Up to \$100k in lost interest earnings per year on \$5M program
- Up to \$5M depending on amount of “forgiveness”
 - Depends on Program Maximum approved by Board
- Staff time (legal, treasury, accounting) to administer program
 - Tracking, reviewing, booking transactions, drafting loan agreements, etc...

Interest Level – Retailers appreciate program idea but most not sure about participating

- “Interested, administrative streamlining would make it even more attractive”
- “Too early to tell if needed”
- “Not going to rule it out”
- “May not be comfortable with it”
- “Don’t think we’re interested, reserves are healthy and not expecting any cash flow issues”
- “Not interested if it will add administrative burden”

Potential Obstacles

- How to get data on what is causing individual customer hardship
- City of San Jose Water Utility cannot acquire a loan without a vote

Other Notes

- Retailers mentioned “No rate increase” as the most helpful action from Valley Water during Pandemic

SJWC – Water Rate Assistance Program (WRAP)

- Provides 15% discount on total water bill for eligible low-income customers
- PG&E CARE participants automatically qualify

City of Santa Clara

- Considering implementing 25% discount for water bill similar to existing electric bill discount program for qualified Santa Clara residents
- Small Business Assistance Grant Program has awarded 110 grants for a total of \$795,000 to date to aid small businesses in maintaining their business and workforce

City of Sunnyvale

- Contracts with Sunnyvale Community Services (non-profit emergency assistance agency) that provides financial assistance to roughly 6,000 people

City of Mountain View – COVID-19 Utility Bill Assistance Program

- One-time only credit of \$50 to be applied to next utility bill, until program funds depleted

Great Oaks – Low Income Customer Assistance Program (LICAP)

- Single family residential customers receive ~25% discount on total water bill
- PG&E CARE participants are automatically enrolled

City of Gilroy

- Senior rate discount available and must be PG&E CARE participant

City of Morgan Hill

- PG&E CARE participants receive \$11.13 sewer bill discount and \$5.85 water bill discount per month

City of Milpitas – Milpitas Assistance Program (MAP)

- Eligible participants receive \$5.13 discount per bi-monthly bill for sewer, and \$6.13 per bi-monthly bill for water

Cal Water Services – Low Income Residential Assistance (LIRA)

- Provides discount of 50% off 5/8 x 3/4 inch meter service charge

City of Palo Alto – Low Income Residential Assistance (LIRA)

- Donation funded program that provides one-time utility bill assistance on past due amounts up to \$750

City of San Jose

- Offers one late fee waiver in a 12-month period for qualified applicants

San Francisco Public Utilities Commission (SFPUC)

- Offers temporary Emergency Customer Assistance Program for retail customers a 15% discount on water for qualified applicants retroactively from March 4, 2020 through September 4, 2020

HEROES Act (H.R. 6800): \$3T COVID Relief Bill

- \$1.5B in grants to States, territories, and tribes to assist low-income and other adversely affected consumers with payments for drinking water and wastewater expenses
- Ensures residences are connected to water services throughout the emergency
- Prohibits assessing late fees for nonpayment occurring during the emergency
- \$540 billion for each of the 50 States and D.C. (“entities”)
 - \$250B in initial payments
 - \$250B more based on prevalence of COVID-19 within each state

Bill Status: Currently, the fate of any new stimulus package is to be determined.

Targeted Assistance via Loan Program Through Retailers - Next Steps

- Finalize details and draft contract for loan and repayment terms (2-3 months)
- Invite Retailers to participate in program

Opportunities to initiate Valley Water work for small businesses

- **Concept:** Valley Water to expand outreach and support for small businesses
- **Potential Opportunities:**
 - Procurement staff to provide expanded business outreach and support to assist with bid opportunities, including scheduling additional outreach events.
 - Increased communication of bid opportunities to various Chambers of Commerce and Trade Associations to expand outreach efforts
- **Next Steps:**
 - Staff are prepared to move forward with expanded outreach to small businesses.

Board to provide direction on the following potential customer assistance alternatives:

- 1. Silicon Valley Strong Partnership**
- 2. Pursue Partnerships with Water Purveyors to Assist with Water Related Programs**
- 3. Targeted assistance to end customers via loan program to retailers**
- 4. Opportunities to initiate near term Valley Water work to be carried out by Small Businesses**

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