



Santa Clara Valley Water District

File No.: 21-0815

Agenda Date: 7/13/2021

Item No.: *8.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

*Approve Implementation of a \$1.225 Million Low-Income Residential Water Rate Assistance Program, with a \$1 Million Relief Fund and up to \$225,000 for Program Administration Costs;
*Approve a Budget Adjustment for \$1.225 Million to Fund the Total Program Cost; and Find that the Program Serves a Legitimate Public Purpose and is Consistent with District Act.

RECOMMENDATION:

- A. Receive an update on the Low-Income Residential Water Rate Assistance Program (WRAP);
- B. *Approve implementation of WRAP using \$1.225 million of the ad valorem property tax, allocating \$1 million for program relief and up to \$225,000 for program administration costs;
- C. *Approve a budget adjustment for \$1.225 million to fund the total program cost; and
- D. Find that WRAP serves a legitimate public purpose and is consistent with the District Act.

SUMMARY:

*Staff is proposing to increase the administrative cost to up to \$225,000, bringing the potential total cost of the WRAP to \$1.225 million. Information presented in the original Board Agenda Memo estimated appropriating one-time funds of \$1.15 million in the FY2021-22 Adopted Budget for the WRAP to be funded for one year, commencing with execution of the contract with the selected nonprofit, by one-percent ad valorem property tax revenue in the General Fund. This includes \$1.0 million for funding to be disbursed into the community and up to \$150,000 for administrative costs for a local organization to implement the program. However, after further analysis, staff estimates the potential administrative cost is expected to be between 5% and 22.5% of the total funding for the program, which is between \$50,000 to \$225,000.

The following is staff's summary of this item, as originally presented on the July 2, 2021 publication of the agenda:

At the April 28, 2021 Board of Directors Meeting, the Board directed staff to research potential options in which Santa Clara Valley Water District (Valley Water) could assist low-income residential households in Santa Clara County negatively impacted by the COVID-19 pandemic with paying their water bill. After researching current and proposed programs aimed at providing similar assistance at the federal and state levels and evaluating Valley Water opportunities and limitations on funding such a program, staff presented a program proposal for consideration at the May 11, 2021 Board of Directors meeting. Specifically, staff proposed working with a non-profit organization to develop and

implement a one-year Low-Income Residential Water Rate Assistance Program (WRAP). The WRAP will focus efforts on low-income households, with criteria for income eligibility to be developed by the non-profit organization in consultation with Valley Water. Staff also proposed a funding level of \$250,000, to be funded by Valley Water's one-percent ad valorem property taxes.

At the meeting, the Board directed staff to work with the Budget Review Working Group on the details of the WRAP and to determine whether \$250,000 would be a sufficient funding level to effectively support a financial assistance program that meets the need of the community.

Subsequently, the Budget Review Working Group met and determined that the originally proposed amount of \$250,000 would not be sufficient to make a meaningful impact in the community, given the extremely challenging financial crisis that many low-income families are facing due to the COVID-19 pandemic. Consequently, the Budget Review Working Group recommends that the Board of Directors increase the funding level to \$1 million, which would provide aid to more families in Santa Clara County who are in need of assistance in paying their water bills. Additionally, the Budget Review Working Group underscored the need to expedite the overall program and get funding out into the community quickly, recognizing families and individuals have an urgent need to access these funds.

Additionally, the State has appropriated \$985 million in the FY 2021-22 Budget to pay water retailers for bill arrearages. The funding was provided from federal monies received through the Coronavirus Fiscal Recovery Fund of 2021. Details of how the program will be implemented are not currently available as they are expected to be released at a later date through a budget trailer bill process. The current budget appropriation language indicates the purpose is to forgive residential and commercial customer arrearages and water enterprise revenue shortfalls where the arrearages occurred during the period commencing March 4, 2020, through June 15, 2021, as a result of the COVID-19 pandemic.

Staff also recommends that the Board make a finding that the WRAP serves a legitimate public purpose, namely, promoting continued access to safe, clean drinking water for low-income individuals and families in Santa Clara County - many of whom lost their jobs during the COVID-19 pandemic - and avoiding water service shut-offs and expensive fees associated with water service disconnections and reconnections. Staff also notes that the WRAP provides a benefit to Valley Water through providing rate stability to its retailers and low-income customers and community members, and is consistent with Valley Water's District Act, including but not limited to, ensuring that low-income residents receive continued access to clean potable water supplies consistent with Section 4, subdivisions (c)(3), (4), (5) & (6), Section 5, subdivision (5), Section 11 and Section 34.

To identify a community partner to administer the WRAP, staff has released an informal Request for Quotes (RFQ) to solicit proposals from interested organizations. Staff has reached out to several organizations in the community that currently administer similar financial assistance programs to share the RFQ. The RFQ has been shared with over 150 organizations throughout Santa Clara County. Staff will be looking to partner with an organization that has experience and the capabilities to implement the program as soon as possible given the urgency and need in the community. Once the organization has been identified, staff will be looking to the community partner to develop the

framework and processes by which to disperse the funds efficiently and promptly to the community. Staff will work with the partner to ensure accountability of the public funds that will be distributed. Staff anticipates that after selection of the community partner, the program can begin in August 2021.

FINANCIAL IMPACT:

*Staff estimates a \$1.225 million unbudgeted Fiscal Year 2021-22 expenditure associated with this item. Approval of this item would require a Budget Adjustment of \$1.225 million from the General Fund Operating and Capital Reserve to the Water Rate Assistance Program Project No. 60232001.

Staff originally proposed appropriating one-time funds of \$1.15 million in the FY2021-22 Adopted Budget for the low-income residential Water Rate Assistance Program (WRAP) to be funded for one year, commencing with execution of the contract with the selected nonprofit, by one-percent ad valorem property tax revenue in the General Fund. This includes \$1.0 million for funding to be disbursed into the community and up to \$150,000 for administrative costs for a local organization to implement the program. The estimated administrative cost is expected to be between 5% and 15% of the total funding for the program. This FY2021-22 budget action requires a budget adjustment of \$1.15 million from the General Fund Operating and Capital Reserve to the Water Rate Assistance Program Project No. 60232001.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have the potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

- *Original Agenda Memo
- *Supplemental Agenda Memo

UNCLASSIFIED MANAGER:

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