



City of Huntington Beach

File #: 20-1545

MEETING DATE: 3/31/2020

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Dahle Bulosan, Chief Financial Officer

Subject:

Request for approval to suspend Water Shutoffs to Residential and Business Customers in Response to COVID-19 by adopting Resolution No. 2020-17

Statement of Issue:

In response to the economic effects of the COVID-19 pandemic, formal City Council approval is requested to authorize the temporary suspension of water shutoffs, penalties and/or late fees to residential and business customers until May 31, 2020, unless extended by the Governor's orders, and to authorize staff to develop a no-interest payment deferral option for customers financially impacted by the COVID-19 situation.

Financial Impact:

While it is difficult to precisely estimate the revenue impact from a temporary suspension of water shutoffs for residential and business customers until May 31, 2020, initial analysis conducted by staff indicates a probable 10% delinquency rate, which would result in a \$322,500 financial impact on various funds - Water Fund (\$259,500), Water Master Plan (\$4,000), Sewer Fund (\$14,000), Refuse Fund (\$30,000), and General Fund (\$15,000). Of note, the utility bills less late fees are still considered an obligation that will need to be paid over time, and customers who request a payment deferral plan will be allowed a no-interest repayment plan that lasts up to two (2) years.

Recommended Action:

Adopt Resolution 2020-17, "A Resolution of the City Council of the City of Huntington Beach Establishing City Policy on Termination of Residential and Business Water Service in Response to COVID-19."

Alternative Action(s):

Do not approve the recommended action and direct staff accordingly.

Analysis:

The City of Huntington Beach (City) provides water service to over 45,000 single-family residential customers, 4,600 multi-family residential customers, and 2,600 business customers in compliance to

Chapter 14.12 of the Huntington Beach Municipal Code.

The COVID-19 pandemic has caused tremendous impacts to the global and local economy. In response, Governor Gavin Newsom on March 16, 2020, issued an executive order (see Attachment 2) to protect renters and homeowners during this crisis. Many Californians are experiencing a substantial loss of hours or wages, as well as layoffs, related to COVID-19, impacting their ability to keep up with their rents, mortgages, and utility bills. The Governor's order authorizes local governments to protect Californians affected by COVID-19 by suspending utility shutoffs to May 31, 2020, unless extended.

The Governor's order also requested that the California Utilities Commission monitor measures undertaken by public and private utility providers to implement customer service protections for critical utilities, including electric, gas, water, internet, landline telephone, and cell phone service on a weekly basis. The Governor strongly encouraged cities and counties to take up this authority to protect Californians. Although the order does not relieve the obligation to pay the utility bill or restrict the City from recovering the amount due, it allows Californians temporary financial relief during these difficult times.

In order to comply with the Governor's order, staff recommends that Council approve a policy to suspend water shutoffs and waive late fees to residential and business customers in response to COVID-19 until May 31, 2020, unless extended by the Governor's orders. This policy may also be extended by the City Manager if the COVID-19 pandemic or its effects go past May 31, 2020. In no event will this policy extend beyond August 31, 2020, without approval of City Council. After the temporary suspension of water shutoffs is over, the City will provide reasonable no-interest repayment arrangement options for the customer for a period not to exceed two years. Obligations incurred subsequent to May 31, 2020, or the Governor's extended date will not be eligible for a payment plan unless subject to the City Policy on Termination of Residential Water Service Resolution 2019-88 (Attachment 3).

Environmental Status:

Not Applicable.

Strategic Plan Goal:

Enhance and maintain high quality City services
Improve Quality of Life

Attachment(s):

1. Resolution 2020-17, "A Resolution of the City Council of the City of Huntington Beach Establishing City Policy on Termination of Residential and Business Water Service in Response to COVID-19"
2. Governor Gavin Newsom Executive Order N-28-20 to Protect Renters and Homeowners During COVID-19 Pandemic
3. Resolution No. 2019-88 "A Resolution of the City Council of the City of Huntington Beach Establishing City Policy on Termination of Residential Water Service"

