

# **OAK LODGE WATER SERVICES**

**BOARD OF DIRECTORS**

**SPECIAL MEETING**



**May 6, 2020**

**“Enhancing Our Community’s Water Environment”**



**REMOTE SPECIAL MEETING**

Board Attendance by Zoom Video/Telephone

Public Attendance by Telephone Only

**May 6, 2020 at 9:00 a.m.**

1. Call to Order & Meeting Facilitation Protocols

2. Call for Public Comment

*Members of the public are welcome to testify for a maximum of three minutes on each agenda item.*

3. Consideration of Proposed Emergency Customer Assistance Program

4. Call for Public Comment

5. Adjourn Regular Meeting

## AGENDA ITEM

---

<b>Title</b>	Call for Public Comment
<b>Item No.</b>	2
<b>Date</b>	May 6, 2020

---

### Summary

Members of the public are invited to identify agenda items on which they would like to comment or provide testimony. The Budget Committee may elect to limit the total time available for public comment or for any single speaker depending on meeting length.

## Proposal for Emergency Customer Assistance Program (ECAP)

**Objective** – Provide short-term, emergency assistance to District customers necessary as a result of declared emergency.

**Background** – Currently the District aids eligible, low-income customers through a program of rate reduction. This program addresses a specific need in our District and targets those customers below a specific income threshold based on a 12-month look back at personal income. The program is capped at a percentage of budgeted income (approximately \$70,000) and the impact is estimated as the number of participants multiplied by the difference between full rates and the reduced rates applied to their bi-monthly billings. Given volume of participants and varying consumption patterns, staff has not initiated detailed tracking of program costs to this point. This program does not aid in acute or emergency situations that affect customers' ability to pay their utility bills and it does not aid non-residential customers.

### Oak Lodge Water Services Billing Assistance in Place as of March 18, 2020

	Residential Customers		Business Customers	
	Temporary Need for Financial Assistance	Consistently Low-Income	Open for Business	Closed due to COVID-19
No turn-off of water for late, or non-payment <sup>1</sup>	✓	✓	✓	✓
No Interest charged for late, or non-payment <sup>1</sup>	✓	✓	✓	✓
No reporting to credit bureau for late, or non-payment <sup>1</sup>	✓	✓	✓	✓
Customer able to request switch off water meter so water and sanitary charges will not continue to accumulate <sup>2</sup>	Not Helpful	Not Helpful	Not Helpful	✓
Low Income Rate Relief Program (relieves 50% of bill)		✓		
Negotiated Payment Plan	✓	✓	✓	✓

<sup>1</sup> Expires when Board sees fit

<sup>2</sup> Watershed Protection Fee is charged regardless of meter being shut off

In conjunction with the budget development for fiscal year 2020-2021, staff has proposed funding for acute or emergency situations affecting residential and non-residential customers, while maintaining the low-income program as it currently exists. Staff has identified \$115,000 in the current 2019-2020 fiscal year to fund emergency customer assistance through a reduction in current reserves. This amount is available for expenditure to a third-party contractor for administering on behalf of eligible customers in need (see below for proposed eligibility criteria). Direct expenditure of funds will allow the District to maintain strict accountability and costs of the program.

For fiscal year 2020-2021, staff has proposed an additional \$97,000 in expenditures to fund emergency customer assistance. This amount is funded through a reduction of reserves of \$25,000 and a portion of the proposed rate increase to District customers. Again, this amount is budgeted as an expenditure to a third party for direct administration to customers in need. In addition to the low-income program and the emergency customer assistance program (ECAP) funding described above, the District has an existing authority to work with customers (residential and non-residential) to pay their bills over time if necessary. These time payment agreements (TPA) are currently being formalized and updated through development of current administrative policies and procedures. The District currently has approximately 100 outstanding TPA's with residential customers, and two (2) with commercial customers. Staff has not implemented a formal tracking or evaluation of TPA's to determine cost of administration or the impact of slow pays on revenues to date. Staff has historically estimated and reported bad debts as a percentage of past due accounts per the aging of utility accounts receivable.

**Approach** – The Finance team is working to develop a suite of statistics and reports to better track, manage, and report out on the various programs identified above, as well as water consumption and cash receipts trends over time. This information will assist in the managing of the programs for low-income and emergency assistance to customers. Staff reasons that effective management of customers requires the District to classify (residential v. non-residential) and manage customers within categories. Categories proposed are:

- Category 1: Can pay and will – those that can pay and are timely with their payments.
- Category 2: Can pay and are not – those that are temporarily unable to meet the requirements for timely payment.
- Category 3: Can pay and will not – those that appear to have the ability to pay but are delinquent for reasons other than need.
- Category 4: Cannot pay – those that are temporarily unable to make payments.

There is an inherent difficulty in determining which customers fit into which categories. The process is highly subjective even when based on available data and customer information. The chronology would likely be that customers in a non-payment situation would be assumed to be Category 2 initially but could be moved to Category 3 based on experience or additional information. The progression to Category 4 could be at the request of the customer or through

staff awareness and initiation of contact. Staff need to develop eligibility criteria to aid in properly identifying customers into one category or another, such as:

- Payment history
- Direct communication and verification of information provided
- Willingness to communicate – level of responsiveness
- Other?

Staff proposes for discussion the following detail approaches tailored to each customer category. Not all elements of the proposed approach will always be available or applied (e.g. during crisis or emergency situations).

### **Commercial Customers**

1. Category 1: Can pay and will – no formal action necessary; continue to encourage payments and thank them.
2. Category 2: Can pay and are not – reminders and options to make payment easier:
  - a. Deferral of payments for specified period of time – i.e. resume upon reopening, no interest or finance charges.
  - b. Time payment arrangements to spread amount owed over period of up to 2 years; no interest or finance charges while current with TPA.
  - c. If stay current with TPA and resolve 90% of amount owed – final 10% forgiven<sup>1</sup>.
3. Category 3: Can pay and will not – increasing authority and efforts to collect amounts due.
  - a. Finance charges and late fees
  - b. Termination of service
  - c. Legal proceedings
4. Category 4: Cannot pay –
  - a. Referral to third-party for assistance – funded through payment from District
  - b. Terms
    - i. Application
    - ii. Eligibility
      1. District customer
      2. Demonstration of need
      3. Delinquent in bills
    - iii. Payment of up to ½ of bill for up to 3 months
    - iv. One-time benefit in 12-month period

---

<sup>1</sup> Tracked through adjustment code to facilitate analysis and reporting

## Residential Customers

1. Category 1: Can pay and will – no formal action necessary; continue to encourage payments and thank them.
2. Category 2: Can pay and are not – reminders and options to make payment easier:
  - a. Deferral of payments for specified period – up to 6 months with no interest or finance charges.
  - b. Time payment arrangements to spread amount owed over period of up to 2 years; no interest or finance charges while current with TPA.
  - c. If stay current with TPA and resolve 90% of amount owed – final 10% forgiven<sup>2</sup>.
3. Category 3: Can pay and will not – increasing authority and efforts to collect amounts due.
  - a. Finance charges and late fees
  - b. Termination of service
  - c. Legal proceedings
4. Category 4: Cannot pay –
  - a. Referral to third-party for assistance – funded through payment from District
  - b. Terms
    - i. Application
    - ii. Eligibility
      1. District customer
      2. Demonstration of need
      3. Delinquent in bills
    - iii. Payment of up to ½ of bill for up to 3 months
    - iv. One-time benefit in 12-month period

### Decision Points for Board:

1. If a customer is having difficulty paying, staff will first try a payment plan. (yes/no?)
2. If a customer cannot pay staff will refer and make use of the budgeted ECAP (\$115,000 TY and the \$25,000 and .5% \$71,000 until it runs out. (yes/no?)
3. Is ECAP first come, first served? (yes/no?)
4. For non-residential customers, do we apply the proposed criteria above? (yes/no?)
5. For residential customers, do we apply the proposed criteria above? (yes/no?)
6. For ECAP we are recommending contracting out to a third party. (yes/no?)
7. What are the considerations for contracting out:
  - a. Keeping other people's financial information confidential?
  - b. The work required to vet.
  - c. Not currently a strength of the Finance Team.

---

<sup>2</sup> Tracked through adjustment code to facilitate analysis and reporting

## AGENDA ITEM

---

<b>Title</b>	Call for Public Comment
<b>Item No.</b>	4
<b>Date</b>	May 6, 2020

---

### Summary

Members of the public are invited to identify agenda items on which they would like to comment or provide testimony. The Budget Committee may elect to limit the total time available for public comment or for any single speaker depending on meeting length.