Finance and Personnel Committee Meeting - June 17, 2020

1. Agenda Packet

   Documents:

   200617 AGENDA PACKET - POSTED 200612.PDF
FINANCE AND PERSONNEL COMMITTEE

AGENDA

DATE: Wednesday, June 17, 2020  TIME: 4:30 p.m.

Notice: Pursuant to Governor Newsom’s Executive Orders N-29-20 and 33-20, which in part, provide waivers to certain Brown Act provisions, meetings of the Board of Directors will be held by teleconference. There will be no physical location from which members of the public may participate. Instead, the public may listen and/or view the meeting proceedings and provide public comment and comments on agenda items by following these instructions:

To join via Zoom Webinar from a computer, tablet, or smartphone, click on the link below:
https://zoom.us/j/91458023440

To join this meeting via telephone, please dial:
1-669-900-6833 or 1-253-215-8782
Meeting ID: 914 5802 3440

If you are unable to access the meeting using this call-in information, please contact the Board Secretary at (619) 409-6703 for assistance.

To provide public comment on non-agenda items or to provide public comment on any item of the agenda:

Before the meeting:
- Go to www.sweetwater.org; click on the “HOW DO I…” at the top of the page; and then click on the “Public Comment” link in the Contact section.

OR
- Physically deposit your public comment in the Authority’s payment drop box located in the public parking lot at the Authority’s Administrative Office at 505 Garrett Avenue, Chula Vista.

OR
- Mail your comments to 505 Garrett Avenue, Chula Vista, CA 91910 [Attention: Public Comment].

All written public comment submissions must be received 1 hour in advance of the meeting and will be read aloud to the Board during the appropriate portion of the meeting with a reading limit of 3 minutes for each comment.
During the meeting:
The Chair will inquire prior to Board discussion if there are any comments from the public on each item.

- Via Zoom Webinar go to Participants List, hover over your name and click on “Raise Hand.” This will notify the moderator that you wish to speak during Oral Communication or during a specific item on the agenda.

- Via phone, you can raise your hand by pressing *9 to notify the moderator that you wish to speak during the current item.

Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at (619) 409-6703 at least forty-eight (48) hours before the meeting, if possible. The above public comment procedures supersede any Authority standard public comment policies and procedures to the contrary.

1. CALL MEETING TO ORDER AND ROLL CALL

2. ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED IN THE AGENDA.

3. PUBLIC COMMENT.
   Opportunity for members of the public to address the Committee. (Government Code Section 54954.3).

4. ACTION AGENDA.
   The following items on the Action Agenda call for discussion and action by the Committee. All items are placed on the Agenda so that the Committee may discuss and take action on the item if the Committee is so inclined, including items listed for information.

   Consideration to Implement a Pilot of Phase 1 of a Ratepayer Assistance Program

5. DIRECTORS’ COMMENTS.
   Directors’ comments are comments by Directors concerning Authority business that may be of interest to the Committee. Directors’ comments are placed on the Agenda to enable individual Board members to convey information to the Board and the Public. There is no discussion or action taken on comments made by Board members.

6. NEXT MEETING DATE: Wednesday, July 1, 2020 at 4:30 p.m.

7. ADJOURNMENT.

This agenda was posted at least seventy-two (72) hours before the meeting in a location freely accessible to the Public on the exterior bulletin board at the main entrance to the Authority’s office and it is also posted on the Authority’s website at www.swetwater.org. No action may be taken on any item not appearing on the posted agenda, except as provided by California Government Code Section 54954.2. Any writings or documents provided to a majority of the members of the Sweetwater Authority Governing Board regarding any item on this agenda will be made available for public inspection at the Authority Administration Office, located at 505 Garrett Avenue, Chula Vista, CA 91910, during normal business hours. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at (619) 409-6703 at least forty-eight (48) hours before the meeting, if possible.

To e-subscribe to receive meeting agendas and other pertinent information, please visit www.sweetwater.org.
TO: Governing Board Finance and Personnel Committee
FROM: Management
DATE: June 12, 2020
SUBJECT: Consideration to Implement a Pilot of Phase 1 of a Ratepayer Assistance Program

SUMMARY
After consideration of information provided by staff and Legal Counsel at its April 8, 2020 meeting, the Board requested that staff research programs to assist Authority customers with their water bills.

As identified in previous memos provided to the Board, there are legal considerations for any rate assistance program. In summary, due to limitations under the California Constitution and State law, the Authority is limited to only using unrestricted, non-water rate revenue to establish, fund, and operate a special rate. Additionally, any special rate program would need to establish a public good purpose to avoid "gift of public fund" issues, and demonstrate that the program is related to a legitimate interest of the Authority. Alternatively, Assembly Bill 401 (AB 401) provides a proposal and recommendation for implementation of a statewide customer assistance programs that could assist the Authority’s customers upon further legislation. It is not known at this time if and when the recommendations in AB 401 will be implemented.

Rate Assistance Programs in California
Staff identified and researched three programs from water agencies that provide rate assistance in California.

Alameda Water District has the Help on Tap Program, which is a customer assistance program for customers experiencing difficulty paying their water bills. The program is for income-qualified residential customers, proof of which can be provided with Medi-Cal CalFresh, CalWORKs, or SSI/SSP. This program is administered by staff and funded with revenues collected from late fees.

The City of San Diego’s Help to Other (H2O SD) Program is a bill payment assistance option for qualified low-income and fixed-income water utility customers within the City of San Diego. The program is funded solely by voluntary donations and will help prevent utility service interruptions to those in need. Charitable contributions made to governmental agencies for a public
Memo to: Governing Board (Finance and Personnel Committee)
Subject: Consideration to Implement Pilot Phase 1 of a Ratepayer Assistance Program
June 12, 2020
Page 2 of 5

purpose are tax-deductible under section §170(c)(1) of the Internal Revenue Code. The H2O SD Program has partnered with 211 San Diego to qualify eligible households for assistance with their water utility bills. If customers qualify for SDG&E's CARE Program, customers may qualify for the H2O SD Program.

Coachella Valley Water District (CVWD) has the Help2Others Customer Assistance Program to help eligible customers who are having trouble paying their water bills. The program is funded year-round through charitable donations, employee donations, sale of scrap metal, lease revenues, and the sale of CVWD’s book *Lush & Efficient Desert-Friendly Landscaping in the Coachella Valley*. It is administered by United Way of the Desert. The program is limited to CVWD residential customers only who meet household income requirements.

**Phased Approach to Allow for Early Implementation**

In looking at other programs in California, it is clear that non-water rate revenues are the exclusive source of funding. While the Authority has non-water rate revenues in the form of interest earned, lease payments, late fees, and others, these revenue sources are already considered and accounted for in the current rate structure. The Board did consider performing a new study that would have allowed for reallocating these funds to a rate assistance program; however, the Board ultimately decided not to perform an additional study due to the high cost and effort based on what was invested in the last cost of service study.

Understanding that the Board may be interested in considering a program in advance of the next rate study, staff identified an approach that would allow for phased implementation of a rate assistance program. Items that were considered were identifying the following:

- Funds that were not already allocated,
- An approach that could be implemented using existing staff resources, and
- An approach that could accommodate other revenue sources in the future.

Should the Board elect to seek early implementation of a rate assistance program, staff is proposing an approach that such a program be deployed in three phases:

**Phase 1**

In the first phase (to be launched in the summer of 2020), monies for this pilot program would come from voluntary contributions from Authority staff and Board members. A form would be distributed for a voluntary payroll deduction, and a check would be sent to the program administrator. This money would be earmarked for the Sweetwater
Memo to: Governing Board (Finance and Personnel Committee)  
Subject: Consideration to Implement Pilot Phase 1 of a Ratepayer Assistance Program  
June 12, 2020  
Page 3 of 5

Authority Rate Assistance Program (Program), and the Authority would receive regular updates from the program administrator.

For the proposed initial pilot program, 100 percent of the funds collected will go directly to fund the Program. This would be assessed throughout the pilot based on the need and availability of funds. At the pilot’s conclusion, the program administrator would determine what sort of administrative fees would need to be arranged to continue funding and administering the Program.

**Phase 2**

If Phase 1 is successful, and upon direction from the Governing Board, the Program could be expanded to allow for customer donations through their water bill. The current software capabilities do not allow for customers to donate through their water bills; consequently, such an approach would require additional staff time, programming of the billing software system, and redesign of the bills. To open this Program for additional donations, the Authority would need to redesign bills and update software programs, which would cause an additional financial impact that must be funded through non-water revenue funds. Similar to Phase 1, donations would be sent to the program administrator, and the money would be earmarked for the Program. Because there is a cost associated with programming and bill redesign, staff recommends to seek Legal Counsel’s advice on whether existing funds could be used or if this phase would need to wait and be included as part of the next cost of service study.

**Phase 3**

In FY 2022-23, the Authority anticipates conducting its next cost of service study. During this time, the Board can direct staff to include in the scope of work providing additional funding to the Program through non-rate revenue funds. Any changes to the rate structure and allocation of these non-rate revenue funds would need to be approved by the Board.

*Program Administration*

During the COVID-19 pandemic, Authority employees conducted a voluntary donation drive with Community Through Hope (CTH). Their mission is to foster hope for a better life for those facing food insecurity and for those without a permanent home by providing a hand up through innovative and compassionate programs with equality, dignity, and respect.

During the pandemic, CTH has been primarily focused on food distribution to families and senior citizens in South County. However, the group has a long-standing history of providing other preventive services to the community, including utility bill assistance.
programs. In preliminary conversations with CTH, they would like to form a partnership to conduct a six-month ratepayer assistance pilot program for Sweetwater Authority customers.

In the proposed pilot program, participants would work directly with CTH for assistance with services. Participants would be screened by CTH through their extensive case management system. Once vetted, CTH staff would administer funds to assist customers in paying for their water bills. Authority staff would work with CTH to develop a criterion for their screening process.

**PAST BOARD ACTIONS**

April 8, 2020  The Board continued the item to Consider to Study Providing Special Rates to Senior Citizens to a future Board meeting and directed staff and legal counsel to research approaches other agencies have implemented.

January 8, 2020  The Board discussed an agenda item Requested by Director Martinez regarding the Consideration to Study Providing Special Rates to Senior Citizens and referred this item to the Finance and Personnel Committee.

**FISCAL IMPACT**

For FY 2020-21, there are no additional budgetary requirements, only staff time. In Phase 2 and 3, there may be fiscal impacts depending on the direction of the Board.

**POLICY**

Strategic Plan Goal 3: Financial Viability (FV) - Ensure long-term financial viability of the agency through best practices, operational efficiency, and maximizing assets.

Strategic Plan Goal 4: Customer Service, Citizen Engagement and Community Relations (CS) - Provide high-quality customer service based on customer feedback and serve the community through education, outreach, and partnerships.

**ALTERNATIVES**

1. Direct staff to implement a six-month pilot of Phase 1 of a Rate Assistance Program with Community Through Hope.

2. Do not implement pilot Phase 1 of a Rate Assistance Program and direct staff to perform a more in-depth survey of programs throughout California.
3. Do not implement pilot Phase 1 of a Rate Assistance Program and direct staff to include consideration of a Rate Assistance Program in the next cost of service study.

4. Other direction as identified by the Board.

**STAFF RECOMMENDATION**

Staff recommends that the Board direct staff to enter into a six-month pilot of Phase 1 of a Rate Assistance Program with Community Through Hope.