



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 21-0919, Version: 1

REPORT TO COUNCIL

SUBJECT

Consider a Resolution Authorizing the City Manager to Suspend Late Charges and Delinquency Processing Fees for Water, Sewer, and Garbage Collection Services and Extend the Suspension of the Interruption of Water Service until December 31, 2021

BACKGROUND

The City bills for each of its three municipal utilities (water, sewer, and solid waste and recycling) on a combined bi-monthly or monthly utility bill to all utility customers in the City. Each utility customer receives a regular bill for service. Once a bill is past due, utility customers also receive a reminder notice, and then a final demand notice notifying them that failure to pay may result in water service interruption.

Because the discontinuation of sewer service is both more difficult and would have an immediate and direct impact on the health and safety of the neighboring properties, the City does not discontinue this service due to non-payment. Therefore, active utility customers without water service receive the same notifications until the final written demand that failure to pay will result in collection action being initiated. As the cost for garbage service is a requirement mandated by the Sunnyvale Municipal Code (SMC) for all occupied premises (also a public health benefit), it is also very rare to stop providing garbage service.

When a customer receives a reminder notice, a 5% penalty is imposed (SMC section 12.50.050). If a customer reaches the point of final noticing, a \$50 Delinquency Processing Fee Utility is assessed, pursuant to the Sunnyvale Fee Schedule, which reflects the cost of preparing and delivering a hand delivered shut-off notice.

The City has been responding to the impacts of the COVID-19 pandemic since March 2020. The pandemic hit many Sunnyvale residents and businesses with unprecedented and unanticipated hardship, and for some, the impacts of the pandemic continue with the recent spread of the Delta variant. Sunnyvale acted quickly early in the pandemic to support its residents in relation to utility services. On March 17, 2020, the City Council suspended the interruption of water service for up to 60 days. On April 7, 2020, City Council took additional action, authorizing the suspension of penalties and delinquency processing fees, as well as extending the suspension of water service interruption for non-payment until June 30, 2020, or until the Governor's Executive Order N-42-20 is lifted, whichever is later.

EXISTING POLICY

Sunnyvale Municipal Code Chapter 12.50 - Procedures for Processing Delinquent Utility Accounts covers the conditions and procedures for service interruption.

Council Policy 7.0 F (10) - Urge the Governor to extend Executive Order N-08-21 and any other issued executive orders and to issue new executive orders as necessary, to continue to help Sunnyvale respond to, recover from, or mitigate the impacts of the COVID-19 pandemic.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

DISCUSSION

The Governor has announced that Executive Order N-42-20 is being lifted as of September 30, 2021. This will cause a significant hardship to Sunnyvale residents working to recover from the ongoing impact of the pandemic. Staff is partnering with Sunnyvale Community Services to help residents struggling to catch up with their utility bills, and outreach to impacted customers will begin in the coming weeks. In the meantime, staff recommends an additional extension of the penalty and service disconnection suspensions to allow time for customers to work to get additional support through our COVID-19 Utility Bill Assistance Program or to set up a payment arrangement to catch up on their bills.

FISCAL IMPACT

As of September 22, there are 373 single family residential utility accounts at least 80 days past due, owing approximately \$370,000 to the City's water, wastewater, and solid waste utilities. Most residential customers are billed every two months. If a three-month extension of the fee waiver and disconnection suspension is approved, each of these delinquent accounts will receive an additional one or two bills, depending on the timing of their bill. Many of these customers have not paid since March 2020, so the overall delinquent balance will likely increase by the end of the three-month extension.

The California Water Board is looking at providing funding to cover arrearages for water customers. If approved, any assistance received from that program would offset the delinquent balance. The State anticipates distribution of funds related to this program in November 2021. The City is also working directly with customers and Sunnyvale Community Services to provide direct assistance to help alleviate back bills.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, Sunnyvale Public Library and Department of Public Safety. In addition, the agenda and report are available at the Office of the City Clerk and on the City's website.

ALTERNATIVES

1. Authorize an extension of the waiver of penalties and delinquency processing fees, and suspend water service interruptions for non-payment from October 1, 2021 until December 31, 2021.
2. Do not extend the waiver of penalties and delinquency processing fees or the suspension of water service interruptions for non-payment.
3. Other options as provided by Council.

STAFF RECOMMENDATION

Alternative 1: Authorize an extension of the waiver of penalties and delinquency processing fees, and suspend water service interruptions for non-payment from October 1, 2021 until December 31, 2021.

Prepared by: Stephen Napier, Utility Billing Manager

Reviewed by: Tim Kirby, Director of Finance

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Resolution