

**SPECIAL MEETING OF THE
FLORIN RESOURCE CONSERVATION DISTRICT
BOARD OF DIRECTORS**

Agenda

Tuesday, March 31, 2020

6:00PM

Compliance with Government Code Section 54957.5

The Board will discuss all items on the agenda and may take action on any item listed as an "Action" item. The Board may discuss items that do not appear on the agenda, but will not act on those items unless there is a need to take immediate action and the Board determines by a two-thirds (2/3) vote that the need for action arose after posting of the agenda.

If necessary, the Meeting will be adjourned to Closed Session to discuss items on the agenda listed under "Closed Session." At the conclusion of the Closed Session, the meeting will reconvene to "Open Session."

CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Pursuant to the Sacramento County Shelter in Place order effective March 19, 2020, we are requiring all members of the public to participate virtually. Public participation and comment are limited to the following procedures:

- A. The electronic submission of written comments in advance to the Board Secretary (stefani@egwd.org). Those comments will be read into the record for a maximum of three (3) minutes per comment.
- B. Join Zoom Meeting: <https://zoom.us/j/539387278> Meeting ID: 539 387 278
Dial by your location

+1 669 900 6833 US (San Jose)	+1 346 248 7799 US (Houston)
+1 312 626 6799 US (Chicago)	+1 929 205 6099 US (New York)
+1 253 215 8782 US	+1 301 715 8592 US
- C. Please press Star+9 (*9) to raise your hand for Public Comment – Members of the audience may comment on matters that are not included on the agenda in accordance with the procedures listed above. Each person will be allowed three (3) minutes, or less if a large number of requests are received on a particular subject. No action may be taken on a matter raised under "Public Comment" until the matter has been specifically included on an agenda as an action item. Items listed on the agenda will be opened for public comment as they are considered by the Board of Directors.

1. Status Report – Coronavirus (COVID-19) Risk Minimization and Outbreak Response Plan (Mark J. Madison, General Manager)

Associate Director Comment

Public Comment

2. Emergency Suspension of Penalties, Fees and Terminations
(Mark J. Madison, General Manager)

Associate Director Comment

Public Comment

Recommended Action: **Adopt Resolution No. 03.31.20.01, waiving late payment penalties, door tag fees, and over the phone payment fees and suspending disconnections of water service in response to the COVID-19 pandemic.**

Adjourn to Regular Meeting – TBD

March 31, 2020

TO: Chair and Directors of the Florin Resource Conservation District
FROM: Mark J. Madison, General Manager
SUBJECT: **EMERGENCY SUSPENSION OF PENALTIES, FEES AND TERMINATIONS**

RECOMMENDATION

It is recommended that the Florin Resource Conservation District Board of Directors:

1. Adopt Resolution No. 03.31.20.01, waiving late payment penalties, door tag fees and over the phone payment fees and suspending disconnections of water service in response to the COVID-19 pandemic.
2. Discuss and provide direction to the General Manager regarding the possibility of developing a discount program to maintain affordability of water service to those customers who have been directly affected by the COVID-19 pandemic.

SUMMARY

After declaring a state of emergency on March 4, 2020 by Governor Gavin Newsom as a result of the threat of COVID-19, also known as coronavirus, the Sacramento County Health Officer issued a stay-at-home directive on March 19, 2020, halting all business within Sacramento County outside of essential activities. This directive jeopardized the economic stability of many Elk Grove Water District (EGWD) ratepayers by shutting down many local businesses and resulting in an increase in layoffs and unemployment.

To mitigate the negative consequences of the directive and to ensure EGWD ratepayers maintain access to affordable, critical and vital water services, staff is recommending that the Florin Resource Conservation District (District) Board of Directors (Board):

1. Waive late payment penalties, door tag fees and over the phone payment fees and suspend disconnections of water service in response to the COVID-19 pandemic; and
2. Discuss the possibility of developing a discount program to assist customers directly affected financially by the COVID-19 pandemic.

By this action, if approved, the Board will adopt Resolution No. 03.31.20.01, waiving late payment penalties, door tag fees and over the phone payment fees and suspending disconnections of water service in response to the COVID-19 pandemic.

EMERGENCY SUSPENSION OF PENALTIES, FEES AND TERMINATIONS

Page 2

DISCUSSION

Background

On March 4, 2020, Governor Gavin Newsom proclaimed a state of emergency as a result of the threat of COVID-19, also known as coronavirus, in the State of California. The spread of the virus globally, including in California, resulted in the World Health Organization characterizing the viral outbreak as a pandemic on March 11, 2020.

On March 19, 2020, the Sacramento County Health Officer issued a stay-at-home directive to Sacramento County in response to the rapid spread of the COVID-19 virus, which halted all business within Sacramento County outside of essential activities, resulting in an increase in layoffs and unemployment.

Present Situation

This directive has jeopardized the economic stability of many EGWD utility customers during this viral outbreak due to the elimination or downsizing of numerous businesses. The COVID-19 pandemic has caused, and will continue to cause, conditions of extreme economic hardship to ratepayers of the EGWD. Staff is recommending the Board consider the following:

1. Temporarily waiving late payment penalties, door tag fees and over the phone payment fees, as well as suspending the water shut-off process during this time in order to mitigate the negative consequences of the stay-at-home directive and the coronavirus outbreak.

The waiver of late payment penalties, door tag fees and over the phone payment fees, as well as the suspension of water shut-offs, shall continue until the state of emergency is lifted, or until a separate action is taken by the Board.

2. Discuss the possibility of developing a discount program that would assist with affordability of water service to customers who have been directly impacted financially by COVID-19.

A discount program could potentially be based on economic hardship directly related to COVID-19, although there may be legal impediments stemming from the California Constitution and Proposition 218. Specifically, this program would be eligible to those who were laid off or had an appreciable amount of income reduced in any way as a result of the coronavirus or the state of emergency.

EMERGENCY SUSPENSION OF PENALTIES, FEES AND TERMINATIONS

Page 3

At its council meeting on March 25th, the City of Elk Grove adopted an urgency ordinance imposing, in part, waivers of certain utility charges relative to the City's operation of solid waste and storm drainage services. Within this ordinance, the City prescribed two (2) objective financial metrics for application of its ordinance. The first metric established a loss of household income for residential tenants of 20% or more. Should the Board decide to explore a discount program, staff would recommend using this same metric. Validation of one's unemployment, or loss of income, would be the responsibility of the customer, however it is anticipated that we would use similar documentation requirements to that required by the City, making it more convenient for our customers.

It is conceived that a discount program would have two (2) components. First, any eligible customer would not be charged for the first 30 units of water (Tier 1) in any given month. The District's current rate for Tier 1 water is \$1.92 per unit so this discount could potentially save a customer as much as \$57.60. Most customers, however, use approximately 15 units of water per month which would yield a savings of approximately \$28.80.

In addition, a second discount could be offered on the fixed fee portion of the customer's bill and this discount is contemplated to be \$25.00, bringing the average monthly discount per customer to \$53.80.

ENVIRONMENTAL CONSIDERATIONS

There are no direct environmental considerations associated with this report.

STRATEGIC PLAN CONFORMITY

The recommendation made in this staff report conforms to the Governance and Customer Engagement, and Community Relations section of the District's 2020-25 Strategic Plan.

FINANCIAL SUMMARY

The financial impact associated with the temporary waiver of late payment penalties, door tag fees and over the phone payment fees is approximated to be relatively insignificant at \$18,250 per month. In addition, these lost revenues will be mostly offset by the savings associated through not conducting the door tag and shut off process.

March 31, 2020

EMERGENCY SUSPENSION OF PENALTIES, FEES AND TERMINATIONS

Page 4

The financial impact associated with a potential discount program is unknown as we do not know how many customers may be eligible. If we assume that 2,000 customers are eligible, and that the average usage per customer is 15 units per month, the financial impact would be approximately \$107,600 per month. This revenue shortfall would be covered by operating reserves, which may also result in a lowering of our debt service coverage ratio.

Respectfully submitted,



MARK J MADISON
GENERAL MANAGER

Attachment

RESOLUTION NO. 03.31.20.01

A RESOLUTION OF THE FLORIN RESOURCE CONSERVATION DISTRICT BOARD OF DIRECTORS WAIVING LATE PAYMENT PENALTIES, DOOR TAG FEES AND OVER THE PHONE PAYMENT FEES AND SUSPENDING DISCONNECTIONS OF WATER SERVICE IN RESPONSE TO THE COVID-19 PANDEMIC

WHEREAS the Florin Resource Conservation District (“District”) owns and operates a public water utility, the Elk Grove Water District (EGWD); and

WHEREAS the EGWD imposes fees and charges for water services based upon the benefit from the service received by each real property within the EGWD service area; and

WHEREAS, Governor Gavin Newsom proclaimed a State of Emergency as a result of the threat of COVID-19 in the state of California on March 4, 2020; and

WHEREAS, on March 11, 2020, the World Health Organization characterized the COVID-19 viral outbreak as a pandemic; and

WHEREAS, the Sacramento County Health Officer issued a stay-at-home directive on March 19, 2020 in response to the rapid spread of the virus, which limits City of Elk Grove residents to only essential activities and business; and

WHEREAS, the COVID-19 pandemic has caused, and will continue to cause, conditions of extreme economic hardship to ratepayers of the EGWD due to the temporary closure or downsizing of businesses within the City of Elk Grove; and

WHEREAS, to assist the public in dealing with potential economic hardships associated with the emergency, the EGWD desires to waive certain penalties on delinquent water utility accounts and suspend water disconnections in order to mitigate the negative consequences of that hardship;

NOW THEREFORE, THE FLORIN RESOURCE CONSERVATION DISTRICT BOARD OF DIRECTORS, DOES HEREBY RESOLVE:

SECTION 1. The Board of Directors hereby adopts the foregoing recitals as true and correct and incorporates them herein by reference.

SECTION 2. The Board of Directors hereby directs as follows regarding water utility service provided by the EGWD:

- i. The General Manager, or designee, is authorized to waive late payment penalties, door tag fees and over the phone payment fees until the Governor has ended the State of Emergency or the District’s Board of Directors directs otherwise.
- ii. The General Manager, or designee, is directed to suspend disconnections of water service due to a customer’s failure to pay all or part of the customer’s

outstanding water bill until the Governor has ended the State of Emergency or the District's Board of Directors directs otherwise.

SECTION 3. The Board Secretary shall certify to the adoption of this Resolution.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED this ____ day of _____, 2020.

Tom Nelson
Chair of the Board of Directors

Attest:

Stefani Phillips
Board Secretary

Approved as to form:

Richard E. Nosky, District Legal Counsel