



Delinquent Utility Accounts



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General Manager

Committee of the Whole
June 9, 2021

Discussion Topics

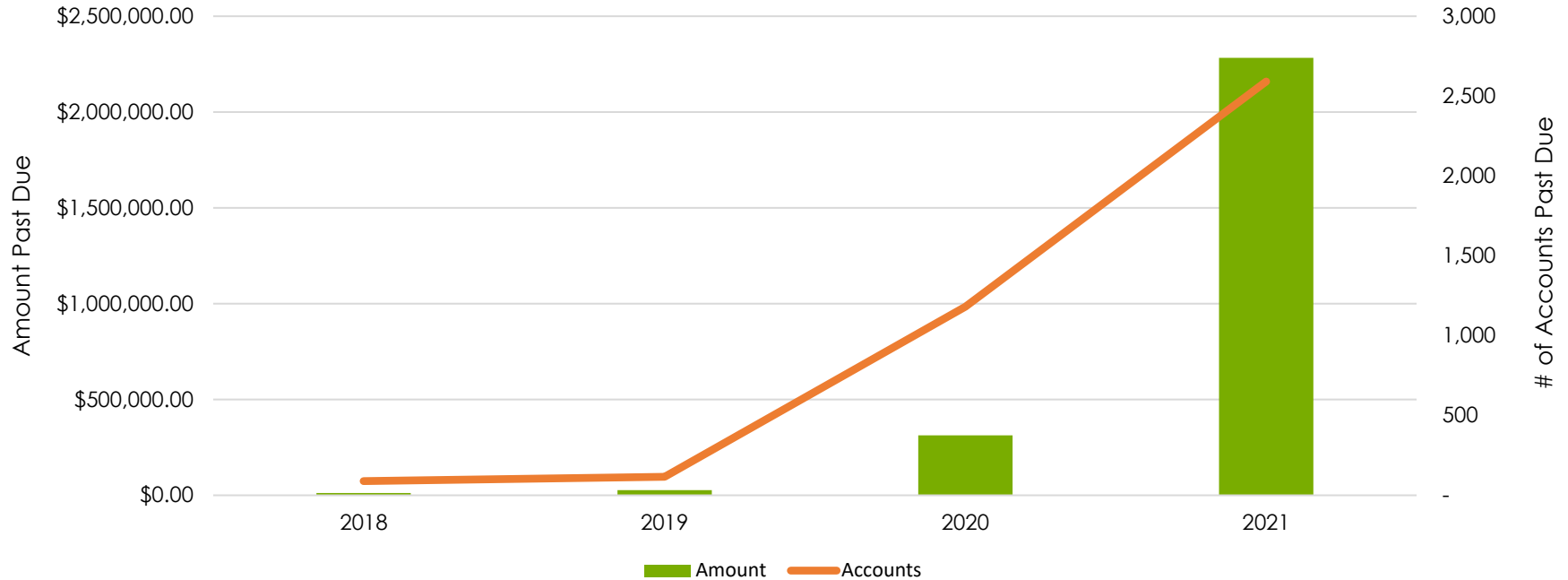
- **Delinquent Account Update**
- **Options**



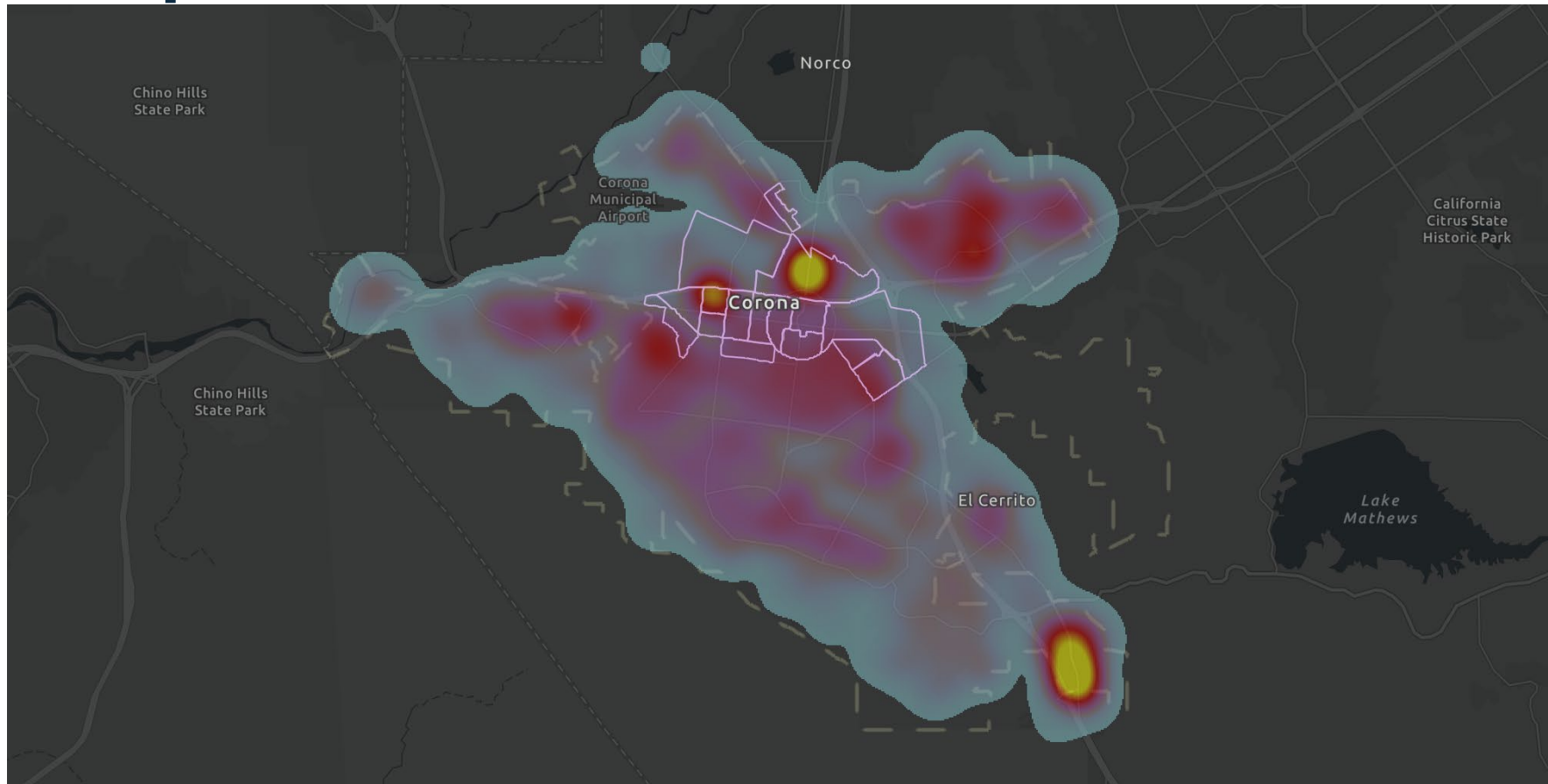
Delinquent Account Update – May 2021

Account Type	30+ Days Past Due		60+ Days Past Due	
	Amount	Accounts	Amount	Accounts
Commercial	\$438,277.07	158	\$347,608.55	108
Industrial	\$30,576.48	29	\$22,268.98	19
Public Agency	\$5,609.56	11	\$0.00	0
Residential	\$2,348,614.08	3,509	\$1,912,690.38	2,464
Total	\$2,823,077.19	3,707	\$2,282,567.91	2,591

Year-Over-Year Comparison (May)



Map of Past Due Areas



Option #1 – Current Practice

Limited options until the Executive Order prohibiting shut-offs for non-payment has been rescinded



- Work with customers to establish payment arrangements on past-due balances, agreements are up to 12 months

Once Executive Order is lifted:

- If payment arrangements are broken
 - Service shut-offs
 - Collections

Option #2 – American Rescue Plan Act Funding



- Utility assistance programs are permissible use of funds
 - Establish eligibility criteria in line with US Dept. of Treasury 'Final Rule' expected to be published in July 2021
 - Self-attest confirming COVID-19 impacts
- What percent of past-due balances, greater than 60+ days?
 - 50%, 75%, 100%
- Timeframe
 - April 2020 through June 2021
 - April 2020 through future
- **Administered by third party, Promise Pay**

Option #3 – American Rescue Plan Act Funding



- Utility assistance programs are permissible use of funds
 - Establish eligibility criteria in line with US Dept. of Treasury 'Final Rule' expected to be published in July 2021
 - Self-attest confirming COVID-19 impacts
- What percent of past-due balances, greater than 60+ days?
 - 50%, 75%, 100%
- Timeframe
 - April 2020 through June 2021
 - April 2020 through future
- **Administered by department staff**

Option #4 – Extended Payment Plans



- Establish extended payment plans
 - Term based on ability to pay and balance due
 - Not to exceed 24 months, 36 months, or 48 months
- Customer would not incur late fees or penalties if terms are followed, in addition to paying current bill
- Breaking agreement by more than 2 payments, customer would be subject to shut-off and would start accruing late fees and penalties
- This could be applied to Options 1, 2, or 3

Summary of Options

	Option #1 Current Practice	Option #2 American Rescue Plan Act Funds	Option #3 American Rescue Plan Act Funds	Option #4 Extended Payment Plans
Summary	<ul style="list-style-type: none"> • Work with customers to establish payment plans • Return to shut-offs and referral to collections once Executive Order lifted 	<ul style="list-style-type: none"> • ARPA funds for a percentage of the balance • Payment plans for balance • Engage with Promise Pay for past-due balances 	<ul style="list-style-type: none"> • Use ARPA funds for percentage of past-due balances • Payment plans for balance • Administered by staff 	<ul style="list-style-type: none"> • Extended payment plans up to 24, 36, or 48 months • Customer would not incur late fees unless breaking agreement by more than 2 payments
Pros	<ul style="list-style-type: none"> • Resolves most delinquent balances • Minimal training required 	<ul style="list-style-type: none"> • Supports customers with delinquent balances • 90% recovery rate • Customer convenience • Potential expansion to include other municipal debts 	<ul style="list-style-type: none"> • Supports customers with delinquent balances • Ability to address all customer service inquiries • Low implementation cost 	<ul style="list-style-type: none"> • Supports customers with delinquent balances • Probable higher success rate due to lower payments over time • Flexibility to include in other options
Cons	<ul style="list-style-type: none"> • Some delinquent balances continue • Low collection rates (approximately 70% make at least partial payments) 	<ul style="list-style-type: none"> • Financial cost of using third party • Could be seen as unfair to customers that have paid 	<ul style="list-style-type: none"> • Staff resources • Impacts to customer service levels • Low collection rates • Training • Could be seen as unfair to customers that have paid 	<ul style="list-style-type: none"> • Delay in revenue collection • If account is closed triggers manual process for staff to confirm payments continue

Recommendations

- ✓ Option 2
 - ✓ April 2020 through June 2021
 - ✓ 100% coverage of past due amounts
- ✓ Option 4 @ 24 months
 - ✓ For future balances accrued
- ✓ Use of American Rescue Plan Act funds, with third-party administrator Promise Pay



Committee Discussion and Direction:

- *Discussion on options*
- *Use of ARPA funding?*
 - *% to cover?*
 - *Time frame to cover?*
- *Help now/help later?*
 - *Reserve for later past-due balances*
- *Engage with Promise Pay?*
 - *Current and future*



Next Steps

- Develop a formal plan based on feedback
- Determine final values
- If using ARPA funding, confirm funding guidelines still apply based on final rule
- Bring back Resolution to Council for formal adoption

QUESTIONS?



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