



Memo

To: Board of Directors
From: Jeanene Weiss
Date: November 16, 2021
Subject: COVID-19 Customer Account Delinquencies and Late Charges -
Arrearage Program Grant Funding Update

At the October 2021 Board Meeting, the Board was updated on the status of District efforts to procure grant-based funding. One of the grant programs discussed was the California Water and Wastewater Arrearages Payment Program through the State Water Boards (arrearage program). The purpose of the arrearage program is to pay delinquent customer accounts resulting from the negative economic impacts of COVID-19.

The District previously submitted an application under the arrearage program. The application asked for \$61,018 to cover ninety-five delinquent customer accounts and \$1,777 in program administrative costs. The application was awarded by the State Water Resources Control Board for the full amount of the application. The District expects to receive fund for the full award amount within the next couple of weeks.

The arrearage program has several requirements. One of those requirements is that the District waive late charges associated with the delinquent accounts being paid through the arrearage program. The late charges associated with these delinquent accounts is \$24,116. Under Generally Accepted Accounting Principles, the District recognizes all water sales (water usage billed) and delinquency fees as revenue regardless of actual cash collections. By accepting funds under the Arrearage Program, the District would apply \$61,018 toward delinquent customer accounts while writing off \$24,116 in late charge revenues resulting in a net position decrease of \$24,116.

The District currently assesses late fees of \$15 or 7% whichever is greater. District staff performed a brief survey of the late fees charged by local water providers for purposes of this discussion. The survey results are shown below:

Water Provider Surveyed	Late Fees Charged
Cucamonga Valley Water District	None
Big Bear Department of Water and Power	None
Valley of Enchantment Mutual	\$10 per month
LACSD	10% initial + 1% per month
Running Springs Water	Greater of \$10 or 3%
Valley View Mutual	\$10

District staff is seeking direction on the application of funds received under the arrearage program and Board approval to write off late fees associated with the program should that be the Board's direction.