

to authorize the City Manager to execute an agreement with the Mid-Willamette Valley Community Action Agency (MWVCAA) to make LIHWA Program funds available to qualified City of Salem water, wastewater, and stormwater customers.

ISSUE:

Shall City Council authorize the City Manager to execute a LIHWA Program agreement with MWVCAA to provide financial relief to qualified City of Salem water, wastewater, and stormwater customers?

RECOMMENDATION:

Authorize the City Manager to execute a LIHWA Program agreement with MWVCAA to provide financial relief to qualified City of Salem water, wastewater, and stormwater customers.

FACTS AND FINDINGS:

LIHWA Program

- 1) **Program:** OHCS will be receiving an estimated \$13.8 million in LIHWA Program funding to provide low-income households with assistance for drinking water and wastewater services. At the state and local level, the LIHWA Program goal is to utilize the program funds to equitably serve eligible households including those historically underserved. The program requires local partnerships between service providers such as MWVCAA, utilities, and culturally responsive organizations.
- 2) **Outreach:** The City of Salem will be working through the Communications Team and with local organizations to seek additional outreach opportunities and connect with historically underserved residential utility customers.
- 3) **Eligibility:** Households at or below 60 percent of State Median Income (SMI) are income eligible for the program. Assistance priorities include households who have had water/wastewater services disconnected, are at risk of pending disconnection, have arrearages (past due bills), or need assistance with current bills. Multifamily accounts are eligible for program assistance if they are income restricted.
- 4) **Qualification Process:** To receive assistance, City of Salem utility customers will apply and be qualified through MWVCAA, which will verify eligibility and determine the amount of LIHWA Program assistance to be provided. City of Salem Utility Billing will receive authorization of the commitment from MWVCAA and credit the customer account; MWVCAA will provide the LIHWA Program funding to the City of Salem. This process is very similar to workflows currently in existence for the Emergency Utility Assistance and Utility Rate Relief Programs.
- 5) **Assistance Provided:** Financial assistance per household ranges between \$100-\$1,000 with additional funding available if an account has been disconnected or is pending disconnection.

All water, wastewater, and stormwater related fees are eligible to be paid through the program; Streetlight and City Operations fee are not eligible. The LIHWA Program aids with arrearages originating on or after October 1, 2020. Balances on accounts participating in the 12-month payment plan are eligible to the extent they meet these criteria.

- 6) **Current Customer Need:** A portion of Salem’s utility customers continue to fall behind in payment of their utility bill. As of August 31, there were 1,536 active accounts representing \$261,875 that were delinquent, eligible for disconnection, disconnected, or eligible for referral to a collection agency or certification for a tax lien through Marion County.

In addition, the Utility transferred \$1.1 million of delinquent receivables to a 12-month payment plan administered by the Finance Department. Only 35% of the amounts invoiced have been paid, and some of these amounts have aged and been referred to a collection agency. The LIHWA Program may be used to assist customers with remaining balances originally billed on or after October 1, 2020.

- 7) **Agreement with Mid-Willamette Valley Community Action Agency:** This program is being developed under an accelerated timeline with expectations for swift distribution of funds. The draft LIHWA Program agreement is contained as Attachment 1. It is anticipated that details and documents may evolve in the coming weeks. Council is asked to authorize the City Manager to approve an agreement and/or supplementary documents that are substantially similar and do not materially expand the City’s performance obligations, broaden the scope of the agreement to other subject matters, or increase the City’s financial obligations. Amendments may extend the term or renew the agreement so long as any other changes to the agreement do not substantially expand the City’s performance or financial obligations.

BACKGROUND:

Federal funding for the LIHWA Program is comprised of \$638 million in the Consolidated Appropriations Act and an additional \$500 million in the American Rescue Plan Act appropriated by Congress in 2021 for a new emergency water and wastewater assistance program. The purpose of the program is to provide emergency assistance to low-income households that pay a high proportion of household income for drinking water and wastewater services, and to provide funds to owners and operators of public water systems or treatment works to reduce arrearages of and rates charged to such households for such services.

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Attachment:

1. Draft LIHWA Program Agreement