



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6042
April 5, 2022
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6042: COVID-19 Utility Bill Relief Grant Program Approval	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve the COVID-19 Utility Bill Relief Grant Program and appropriate \$164,000 in ARPA Funding for utility assistance to Mercer Island households impacted by the pandemic.	

DEPARTMENT:	Finance		
STAFF:	Merrill Thomas-Schadt, Sr. Management Analyst LaJuan Tuttle, Deputy Finance Director Matt Mornick, Finance Director		
COUNCIL LIAISON:	n/a		
EXHIBITS:	1. COVID-19 Utility Bill Relief Grant Program 2. COVID-19 Utility Bill Relief Grant Application		
CITY COUNCIL PRIORITY:	2. Articulate, confirm, and communicate a vision for effective and efficient city services. Stabilize the organization, optimize resources, and develop a long-term plan for fiscal sustainability.		

AMOUNT OF EXPENDITURE	\$ 164,000
AMOUNT BUDGETED	\$ 0
APPROPRIATION REQUIRED	\$ 164,000

EXECUTIVE SUMMARY

The purpose of this agenda bill is to provide additional details and a final recommendation for a COVID-19 Utility Relief Grant program.

- The impacts of the pandemic have resulted in a significant number of unpaid and overdue account balances for City of Mercer Island utility customers.
- There are 82 water/sewer accounts with a combined balance of approximately \$240,000 accrued during the eligible period of the proposed grant program.
- Under the American Rescue Plan Act (ARPA), *assistance to households or populations facing negative economic impacts* is recognized as a qualified use of local fiscal recovery funds.
- The City Council has allocated \$2.97 M of the \$7.23 M total allocation of ARPA Funds (see table on page 2 of [AB 6020](#)).
- At the March 1 meeting, the City Council received a presentation on the first draft of a COVID-19 Utility Relief Grant program ([AB 6020](#)). Council provided feedback and directed staff to return with more details and a final recommendation.

- Staff recommends implementing the grant program to assist customers in need ahead of resuming utility shutoffs and late fees, scheduled to resume May 1.
- Staff recommends a maximum award of \$2,000 per eligible household, with a maximum program cost of \$164,000. Once approved, staff will begin outreach to potentially eligible account holders.

BACKGROUND & DISCUSSION

Utility Moratorium

On March 18, 2020, Governor Inslee issued a utility moratorium to ensure the public’s health and safety through the ongoing COVID-19 Pandemic (“Pandemic”). In response, the City of Mercer Island implemented new practices for utility customers: utility disconnections for nonpayment were suspended, late fees were waived, and payment plans were offered to those economically impacted by the Pandemic.

The statewide moratorium expired on September 30, 2021. To assist utility customers who were financially impacted by the Pandemic, the City:

1. Established a COVID-19 flexible payment program to support utility customers with past due bills for Water, Sewer, Stormwater, and Emergency Medical Service Utility fees invoiced between March 1, 2020 and September 30, 2021.
2. Continued to waive late fees and service disconnects due to nonpayment for an additional 120 days after the end of the Statewide moratorium, allowing for flexible payment plans to be implemented.

Status of City Utility Accounts

The City has not issued late fees or initiated water service shut offs for non-payment since March 2020. Since the end of the Statewide moratorium, the City’s 120-day extension waiving late fees and service disconnects was extended through March 31, 2022. The issuance of late fees and service disconnects for non-payment will be reinstated effective May 1, 2022.

As of early March 2022, 176 accounts have past due balances totaling approximately \$315,000. These 176 accounts are eligible for late fees subject to utility service shut offs. A total of 82 accounts have past due balances accrued between March 2020 and September 2021, totaling approximately \$240,000 in past due balances. These 82 accounts will be eligible for the COVID-19 grant program outlined below.

Returning to regular billing and collections procedures includes:

1. Issuing a second notice “red-bill” when an invoice remains outstanding at 45 days past the invoice date.
2. At 60 days past the invoice date, a late fee is applied, and a second late notice reminder is issued and may include physically placing a door hanger tag at the property.
3. At 70 days past the invoice date, the water service is subject to shut off. Reconnection is subject to payment of the past due account balance and a fee for reconnection of service.
4. After approximately six months with no payment or payment arrangement, a lien may be placed on the property for the sewer utility service.

Ongoing outreach to establish flexible payment plans began in September 2021, coinciding with the end of the Washington State utility shutoff moratorium. Information regarding the availability of payment plans is mailed monthly to those customers with accounts more than 180 days past due. To date, four flexible payment plans have been established.

Staff is intending to resume water shut-offs and late fees on May 1, 2022 and anticipates there will be added urgency for both payment plans and outside assistance for payment of past-due amounts. The ARPA Grant Relief program will create another option for those customers impacted by the pandemic.

Utility Bill Relief Grant Program Overview

The framework for the grant program is modeled after those offered by neighboring communities and based on the anticipated need on Mercer Island (see Exhibit 1). The program is intended to be one tool in a multi-faceted approach to provide support to households in need due to hardships during the Pandemic and is not intended to provide a “clean slate” for all past-due utility accounts. Other existing options include a payment plan through the City’s Utility Billing division, Youth & Family Services (YFS) Emergency Assistance, and Hope Link services.

Staff recommends a maximum award of \$2,000 per eligible household account. Other program details include:

- Grant funds will be a one-time award, applied directly to Mercer Island water/sewer utility residential customer accounts. Residents who pay for utility service to a landlord or a third-party billing agency (in the case of some large apartment buildings) will not be eligible for the program. Only customers who have a past-due utility account directly with the City, as either an owner or tenant, and meet other program criteria may be eligible.
- The City of Mercer Island may authorize up to \$2,000 per eligible household to assist residential water/sewer utility customers, depending on the past-due balance on the account during the eligibility period.
- The City will continue to offer flexible payment plans in addition to the grant assistance program.
- Only amounts accrued from March 1, 2020 through September 30, 2021 (the period of the state-wide utility moratorium) are eligible for the grant program.
- A household may be eligible if it meets all the following criteria:
 - Holds a water/sewer utility account with the City of Mercer Island.
 - Has a household income between 0-115% of the King County area medium income (see Exhibit 2).
 - Has experienced an economic hardship or loss of income due to the COVID-19 pandemic resulting in past due utility bills. Examples of eligible hardships can be found in Exhibit 2.
- Applicants will provide income information on the program application and supporting documentation such as paystubs, bank statements, letter from employers or an unemployment benefit statement.
- Applicants will self-attest to their hardship relating to COVID-19 on the program application.
- Although this grant program is separate from the YFS emergency assistance program, staff will coordinate to the extent allowed by confidentiality policies.

Follow-Up from March 1, 2022 City Council Meeting

After initial review of the proposed draft program, the City Council directed staff to gather more data and provide more detail on program outcomes based on modifying various factors. Staff is unable to provide data analysis at a granular level due to the excessive amount of staff time this would require, and the sensitive nature of some customer account information. However, the following details should help Councilmembers understand the program award recommendation and outcomes.

- The average account balance accrued during the eligible period is approximately \$1,600. This amount was determined after removing a handful of ‘outlier accounts,’ which have balances far exceeding the

majority of accounts during the grant's performance period, and whose large balances existed prior to the pandemic.

- Of the 82 accounts with an eligible balance, approximately half would be fully paid with a \$2,000 grant award.
- Staff increased the income threshold for eligible households to 115% of the King County Average Median Income. It is not possible to predict how this may impact the number of potentially eligible households, but staff believes this is the highest cap possible in relation to the low- and middle-income threshold definitions provided by Treasury.
- If all accounts with balances between March 2020 and September 2021 are eligible for and take advantage of the program, the total grant program amount will be \$164,000.

Approximately half of the identified 82 accounts will still have some balance outstanding after the \$2,000 grant award, as the ARPA funded grant program can only address balances during the defined period. However, even for accounts with balances exceeding \$2,000, the grant award will draw down the balance to an amount which will allow households to avoid utility shutoffs and take advantage of other options provided by the City or partner agencies for support.

NEXT STEPS

If approved, staff will develop a communications and outreach plan to reach potentially eligible households and begin accepting and processing applications. The program will be administered by the ARPA Coordinator, in collaboration with the Finance, the Utility Billing team, and the YFS department.

RECOMMENDED ACTION

Approve the COVID-19 Utility Bill Relief Grant Program and appropriate \$164,000 in ARPA Funding for Mercer Island utility assistance to households impacted by the pandemic.