

Date: September 29, 2020

To: Thomas B. Modica, City Manager



From: Robert Dowell, Director, Energy Resources
Christopher J. Garner, General Manager, Long Beach Water Department
Diko Melkonian, Deputy Director, Public Works /s/



For: Mayor and Members of the City Council

Subject: **Utility Customer Support Communication Plan**

The COVID-19 pandemic has had a dramatic impact on all facets of the economy, including revenues collected by municipal utilities. Since March, the pandemic has impacted the ability of many of our customers to pay their monthly utility bills in a timely manner. As this health crisis continues, these utility customers have seen their outstanding balances growing larger each month while they continue to fully utilize gas, water, and refuse services. Respectively, the utility providers are increasingly concerned about the decrease in revenues collected to cover the costs for supplying services.

In March, recognizing the financial distress that the pandemic has caused within our community, the Long Beach utilities implemented several policies designed to relieve concerns that customers had regarding the additional financial burden of late payment fees or that their utility services would be shut-off due to non-payment. Under these policies, utility service interruptions (shutoffs) and late payment fees were suspended indefinitely. These policies are now expected to continue through the end of the 2020 calendar year and, potentially, through the first quarter of 2021.

The unavoidable impact of the policy changes has been significant. Delinquent customer accounts of 60, 90 and 120 days have grown substantially month over month since mid-March and are projected to continue to increase. In June 2019, pre-pandemic, the number of delinquent customer accounts was around 900. A year later, in June 2020, the number of delinquent customer accounts grew to 6,400. Quite a few residential accounts have individually accrued delinquent debt of more than \$1,000 as have many commercial accounts. In aggregate, aged utility debt over 30 days currently stands at about \$2.5 million, and may exceed \$5 million by the end of the calendar year.

Long Beach's utilities are committed to continuing to provide services to our customers while being fully empathetic to the economic and emotional stress caused by the pandemic. As has been successfully done by other utilities across the country, Long Beach's utilities plan on implementing a strategic Utility Customer Support Communication Plan to educate customers on various resources available to help them manage their unpaid utility bills, such as personalized flexibility in bill repayment options.

The overall strategy of the campaign is to emphasize support and assistance for our customers, completely avoiding any semblance of a collection effort. The campaign simply aims to help customers pay down their balance gradually to avoid an overwhelming accumulation of debt. The campaign will ask customers to contact Utility Services to allow us to work together to develop a payment plan that best meets their needs and to educate them on other resources we have available to assist them.

Several existing City and federal residential payment assistance programs will be highlighted including the low-income gas discount, the federal Low-Income Home Energy Assistance Program (LI-HEAP), the senior and disabled low-income utility users tax exemption program, and flexible payment plans for both residential and commercial customers. It is estimated that as many as 36 percent of households nationwide may now qualify for the LI-HEAP program alone. In addition to the existing hard copy applications, staff are finalizing completion of an online application for all City utility discount programs to further enhance access to this assistance.

The three utilities (gas, water, refuse) will create one, cohesive look and message for our mutual customers to readily recognize this effort as assistance from the City's utilities. The campaign's messaging approach is to use a variety of existing media and partnerships, including a redesigned Reminder Notice that informs customers with past-due balances how to get support on payment plans. Customer service representatives will also conduct outreach with pre-approved scripts to find solutions and timelines with customers that work best for them.

Finally, specific to commercial customers, we will leverage relationships with existing business-related partners to engage customers about how to receive flexible payment plans on resolving outstanding debt in a way that minimizes impact to their ongoing operations.

As of now, there is no target date for resumption of utility shutoffs for non-payment, and any such resumption will be guided by the appropriate health declarations, in consultation with the City Manager and the Board of Water Commissioners, and with plenty of advance notice to both our elected officials and our customers.

If you have any questions, contact me at (562) 570-2001 or Chris Garner at (562) 570-2318.

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