



CITY OF SEBASTOPOL
CITY COUNCIL
AGENDA ITEM

Meeting Date: April 21, 2020
To: Honorable Mayor and City Councilmembers
From: Councilmember Carnacchi
City Manager-City Attorney McLaughlin
Subject: Discussion and Information on Request from Councilmember for Waiving of Fees for Property Owners/Managers who have provided financial relief to their tenants
Recommendation : That the City Council Discuss the Request and Receive Information from the City Manager on City actions taken for water/sewer utility accounts.
Funding: Currently Budgeted: _____ Yes No _____ N/A
Net General Fund Cost:
Budgeted FY 19-20:
Budget Remaining:

Account Code/Costs authorized in City Approved Budget _____ (verified by Administrative Services Department)

INTRODUCTION: This item is to request the City Council Discuss and Consider the Request from Councilmember Carnacchi for Waiving of Fees for Property Owners/Managers who have provided financial relief to their tenants and receive information from the City Manager on City actions taken for water/sewer utility accounts.

BACKGROUND:
In the midst of flu season, countries around the world have been dealing with the outbreak of a novel (new) coronavirus, which originated in the city of Wuhan in the Hubei province of China in December 2019. The virus is known as "SARS-CoV-2" and the disease it causes is called "coronavirus disease 2019" or COVID-19.

On March 17, 2020, the County of Sonoma issued a Shelter in Place directive in response to this pandemic. This coronavirus outbreak presented and continues to present a health and financial crisis to all Californians.

At the April 7, 2020 City Council meeting, the Council approved a letter from the City to the property owners/managers of commercial property urged them to consider what they can do to voluntarily ease burdens for tenants who may have difficulty paying rent for their businesses because of the shelter in place, illness or financial hardship related to ongoing business disruptions and closures.

Since that meeting, the City received an agenda item request from Councilmember Carnacchi for "City Council consideration of waiving sewer and water (in whole or in part) for landlords who help their tenants". Per Councilmember Carnacchi, "when/if the next round of federal relief is passed, it will include financial help for municipalities so we may be able to recover the cost of any sewer and water waivers."

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DISCUSSION:

The City understands that the Coronavirus outbreak has seriously disrupted many people's ability to pay their bills, including the City of Sebastopol water and sewer utility bills. The city wants to help our citizens and, in an effort, to reduce the stress for at least water and sewer bills, the City has taken the following actions:

Stated that no late charges will be applied to utility bills during the Shelter in Place

Utility service will not be discontinued for non-payment during the Shelter in Place

Urging customers to pay what they can - Although City offices are closed to the public, customers are encouraged to pay their bills electronically, by phone or to mail in the payment.

Staff Analysis/Comments:

Although this is a wonderful request that shows the City has the entire community's interest at the forefront of this pandemic, the City has not had time to vet or analyze thoroughly this request and would like to review/research this item before the City Council makes any determinations or decisions.

At a minimum some questions that the city would need to explore are:

1. Whether this would be considered a gift of public funds if the city were to forgive the landlord of any water or sewer charges; or
2. Proposition 218 rates setting component could challenge the City's use of these funds as the customers who are paying their charges could not be required to subsidize non-paying customers; or
3. If this was determined to be a legal act, it is not known how much the extent of staff time required to manage this information and what requirements/program policies would need to be in place for verification of such financial relief from property owners/managers to tenants.

These are just a few questions (as well as many more that the City is sure will come up during the review) that would need to be addresses/assessed before a decision could be made.

However, the City wants to re-emphasize the positive actions we have taken to provide financial relief to our customers during this pandemic and shelter in place.

As stated earlier in this agenda item, the City is:

- Stated that no late charges will be applied to utility bills during the Shelter in Place
- Utility service will not be discontinued for non-payment during the Shelter in Place
- Urging customers to pay what they can - Although City offices are closed to the public, customers are encouraged to pay their bills electronically, by phone or to mail in the payment
- Working with customers for payment plans

The City has also waived any late fees associated with business licenses as well that were due in January 2020.

It is recommended that the City waive late fees for a period for a period of 60 days beyond the lifting of the shelter in place to allow residents to get back on their feet and allow the City and account holders to make payment arrangements for past due accounts.

This will help ensure that all households have the critical services they need during the COVID-19 outbreak.

Fiscal Analysis

There is no direct fiscal impact associated with the recommended action tonight as the item has been budgeted for in the FY 19-20 City Budget.

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Public Notice:

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to scheduled meeting date.

RECOMMENDATION:

This item is to request the City Council Discuss and Consider the Request from Councilmember Carnacchi for Waiving of Fees for Property Owners/Managers who have provided financial relief to their tenants and receive information from the City Manager on City actions taken for water/sewer utility accounts as well as approving the waiver of late fees for an additional 60 days beyond the lifting of the shelter in place.

Attachments:

None