

Written materials relating to an item on this agenda that are distributed to the legislative bodies within 72 hours before the item is to be considered at its regularly scheduled meeting will be made available for public inspection at the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Agenda reports are also on the City of Oxnard web site at www.oxnard.org.



AGENDA
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Council Chambers, 305 West Third Street
December 10, 2019
Regular Meeting - 9:30 to 10:45 AM

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

At this time, the legislative body will consider public comments for a maximum of fifteen minutes. A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker cards will not be accepted after the beginning of the general public comment period. Based on the number of speaker cards submitted, the presiding officer may impose time limits per speaker. Typically, speakers are limited to two minutes, but shorter time may be established as deemed necessary. A person not able to address the legislative body at this time because the fifteen minutes expires may do so just prior to adjournment of the meeting. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager for administrative action or scheduled on a subsequent agenda for discussion.

C. CONSENT AGENDA

1. City Clerk Department

SUBJECT: Approval of Minutes.

RECOMMENDATION: That the Finance and Governance Committee approve the minutes of the November 12, 2019 regular meeting as presented.

Contact: Michelle Ascencion, (805) 385-7805

D. REPORTS

1. Finance Department

SUBJECT: Follow-up to Committee Inquiries about Purchasing and Internal Auditor's Annual Work Plan for FY 2019/20. (15/10/5)

RECOMMENDATION: That the Finance and Governance Committee:

1. Receive and file a presentation answering purchasing-related questions from the Committee

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact the City Clerk's Office at 385-7803. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

Agenda Item time estimates: (Staff Presentation / Committee Discussion / Public Comment)

meeting of October 8, 2019; and

2. Ratify an Annual Work Plan for the Internal Auditor for FY 2019/2020 and recommend that Council likewise ratify that Annual Work Plan.

Contact: Kevin Riper, (805) 385-7475

2. City Treasurer Department

SUBJECT: SB 998 Water Service Policy. (10/5/5)

RECOMMENDATION: That the Finance and Governance Committee recommends the City Council adopt a resolution approving a written policy on discontinuation of water service in compliance with SB 998.

Contact: Phillip Molina, (805) 385-7808

E. ITEMS FOR FUTURE AGENDAS

F. ADJOURNMENT

MINUTES
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Regular Meeting
November 12, 2019

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

At 9:33 a.m., Chair Flynn called to order the regular meeting of the Oxnard City Council Finance and Governance Committee in the City Hall Council Chambers at 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Member Bert Perello and Chair Tim Flynn were present; Member Gabriela Basua arrived at 9:42 a.m.

Staff members present were Shiri Klima, Deputy City Manager; Stephen Fischer, City Attorney; Alexander Nguyen, City Manager; Kevin Riper, Chief Financial Officer; Donna Ventura, Assistant Chief Financial Officer; Lisa Boerner, Purchasing Manager; and Michelle Ascencion, City Clerk.

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from Jim Lavery (city's recent bond rating upgrade).

C. CONSENT AGENDA

City Clerk Department

1. SUBJECT: Approval of Minutes.

RECOMMENDATION: That the Finance and Governance Committee approve the minutes of the October 22, 2019 regular meeting as presented.

It was moved by Member Perello, seconded by Chair Flynn, to approve the minutes as presented.
VOTE: Flynn and Perello voted in favor; the motion carried 2-0.

D. REPORTS

City Manager Department

1. SUBJECT: Selection of Firms for 4-Year Underwriting Pool.

RECOMMENDATION: That the Finance and Governance Committee:

1. Receive and file a report on the outcome of the request for proposals for Municipal Bond Underwriting Pool ("RFP"); and
2. Receive and file a report on the selection of firms to be included in the underwriter pool that may participate in future bond financing and refunding transactions.

The Chief Financial Officer introduced the Assistant Chief Financial Officer, who gave a report.

(Member Basua arrived during this time.)

Discussion ensued among the Committee and staff. Public comments were received from Jim Lavery. Further discussion ensued. No action was required.

City Attorney Department

2. SUBJECT: Council Committee Bylaws.

RECOMMENDATION: That the Finance and Governance Committee recommend the City Council consider and adopt a resolution setting forth bylaws to establish regular meeting schedules for, powers and duties of, and types of business to be reviewed by the City Council committees established by Oxnard City Code Section 2-1.1.

The City Attorney gave a report. Discussion ensued among the Committee and staff.

It was moved by Member Basua, seconded by Member Perello, to approve the recommended action, with additional wording added to the bylaws regarding consideration of Councilmembers' committee appointment requests. VOTE: Basua, Flynn, and Perello voted in favor; the motion carried 3-0.

E. ITEMS FOR FUTURE AGENDAS (No requests were made.)

F. ADJOURNMENT

There being no further business on the agenda, and without objection, Chair Flynn adjourned the meeting at 10:22 a.m.

MICHELLE ASCENCION, CMC
City Clerk

TIM FLYNN
Chair



FINANCE AND GOVERNANCE COMMITTEE AGENDA REPORT

REPORTS AGENDA ITEM NO. D.1.

DATE: December 10, 2019

TO: Finance & Governance Committee

FROM: Kevin Riper, Chief Financial Officer, (805) 385-7475, kevin.riper@oxnard.org

SUBJECT: Follow-up to Committee Inquiries about Purchasing and Internal Auditor's Annual Work Plan for FY 2019/20. (15/10/5)

RECOMMENDATION

That the Finance and Governance Committee:

1. Receive and file a presentation answering purchasing-related questions from the Committee meeting of October 8, 2019; and
2. Ratify an Annual Work Plan for the Internal Auditor for FY 2019/2020 and recommend that Council likewise ratify that Annual Work Plan.

BACKGROUND

During the Committee's October 8th discussion of the Internal Auditor's (Price Paige) contract and proposed work plan for fiscal year 2019-20, numerous questions arose about City purchasing policies and procedures. These questions arose in the context of consideration of a purchasing audit by the Internal Auditor. This presentation is designed to answer those questions and prompt follow-up discussion by the Committee. Thereafter, staff requests the Committee provide direction on and subsequently ratify an annual work plan for the Internal Auditor for FY 2019-20 and forward this item to Council.

STRATEGIC PRIORITIES

This agenda item supports the Organizational Effectiveness strategy. The purpose of the Organizational Effectiveness strategy is to strengthen and stabilize the organizational foundation of the City in the areas of Finance, Information Technology, and Human Resources, and to improve workforce quality while increasing transparency to the public. This item supports the following goals and objectives:

Goal 1. To help foster a healthy and accountable corporate foundation by strengthening the support functions of the organization, which include Finance, Information Technology and Human Resources.

Goal 2. Increase transparency with Council, community and staff related to the City's budget and financial management processes.

FINANCIAL IMPACT

There is no financial impact of the presentation; however, should the Committee and later the Council ratify a work plan for the Internal Auditor that includes an audit of Citywide procurement practices regarding compliance, bid splitting, and sole sourcing, such audit would cost \$30,000, according to the Internal Auditor's estimate. Should the Committee and later the Council ratify the Internal Auditor's proposed work plan for FY 2019-20, that would cost \$189,500, according to the Internal Auditor's estimate.

Prepared by: Lisa Boerner, Purchasing Manager

ATTACHMENTS

1. Internal Audit Risk Assessment Annual Work Plan FY 2019-20
2. City of Oxnard Internal Audit FY19-20 Outstanding Invoices and Projected Costs
3. Purchasing, Sole Sourcing & Procurement Cards Presentation

City of Oxnard Internal Audit Department
High Risk Areas for Audit Consideration
Updated September 2019

ITEM #D-1

<u>Department</u>	<u>Specific Risks (does not mean controls are not in place)</u>	<u>Response</u>	<u>Timing</u>	<u>Anticipated Completion Date</u>	<u>Likelihood</u>	<u>Significance</u>
<u>City-wide (transactions to be tested across all City Departments):</u>						
Accounts Payable	Fictitious vendors	IDEA	Annual	3/31/2020	Medium	High
	Fraudulent disbursements	IDEA	Annual	3/31/2020	Medium	High
	Duplicate payments	IDEA	Annual	3/31/2020	Medium	High
	Invoices exceeding purchase order amounts	IDEA	Annual	3/31/2020	Medium	High
	City issued credit cards	Potential IA	1st Qtr 2020	2/28/2020	High	High
	Travel expenses/Employee expense reimbursements	Potential IA	1st Qtr 2020	2/28/2020	High	High
Accounts Receivable and Billings	Misappropriation of cash receipts (permits, utilities, other fees)	Potential IA	3rd Qtr 2020	12/31/2020	High	Medium
	Improper utility billing	External Audit	Annual	N/A	Medium	Medium
Purchasing	Noncompliance with bid policies	Potential IA	3rd Qtr 2020	12/14/2020	High	Medium
	Bid splitting	Potential IA	3rd Qtr 2020	12/14/2020	High	Medium
	Sole source contracts	Potential IA	3rd Qtr 2020	12/14/2020	High	Medium
Payroll/HR	Ghost employees	IDEA	Annual	3/31/2020	Medium	Medium
	Excessive overtime	IDEA / IA Work Plan	In progress	11/15/2019	High	High
	Improper classification of pay for PERS purposes	Potential IA	3rd Qtr 2020	12/31/2020	Medium	Medium
<u>City of Oxnard Major Departments</u>						
Federal and State Programs	Unallowable expenditures for major and/or material programs	External Audit	Annual	N/A	Medium	Medium
Fire Department	Overtime analysis	IA Work Plan	In progress	11/15/2019	High	High
Police Department	Overtime analysis	IA Work Plan	In progress	11/15/2019	High	High
	Handling of confiscated cash and other assets	Potential IA	4th Qtr 2020	2/28/2021	Medium	Low
Public Works:						
Water	Inventory theft	Potential IA	4th Qtr 2020	2/28/2021	High	Low
Wastewater	Inventory theft	Potential IA	4th Qtr 2020	2/28/2021	High	Low
Environmental Services	Misappropriation of cash receipts	Potential IA	Completed	9/30/2019	Medium	Low
	Inventory theft	Potential IA	4th Qtr 2020	2/28/2021	High	Low
Fleet	Inventory theft	Potential IA	4th Qtr 2020	2/28/2021	High	Low
<u>Program Specific Audits</u>						
Golf Course	Performance audit	IA Work Plan	In progress	12/31/2019	Medium	Medium
Performing Arts & Convention Center	Performance audit	IA Work Plan	Completed	9/13/2019	Medium	Medium
City Corp	Performance audit	IA Work Plan	In progress	10/31/2019	Medium	Medium

Legend:
IDEA - Data analysis software
EA - External Auditor

Note: The anticipated completion date is dependent upon the acceptance of the internal audit work plan by the Finance and Governance Committee and the City's ability to provide information as requested.

City of Oxnard
Internal Audit Department Summary of Project Budgets
Fiscal Year Ending June 30, 2020

Anticipated Scope of Work for Year 3 (Year Ending June 30, 2020):	Budget	Billed and Currently Outstanding				Total FY2020 Outstanding	Status
		July 2019	Aug 2019	Sept 2019	Oct 2019		
PACC	\$ 10,000	\$ 1,095	\$ 475	\$ 5,195	\$ 160	\$ 6,925	Completed, ready to present to Council
City Corp	12,000	1,310	2,000	400	2,955	6,665	Per management, hold all further work
Golf Course	15,000	-	-	-	-	-	Per management, hold all further work
Overtime	15,000	5,365	2,510	1,775	8,170	17,820	Pending items, near completion
Basic Audit Services	15,000	560	175	2,115	6,530	9,380	On-going internal audit activity
Environmental Resources	7,500	-	-	-	5,200	5,200	Completed, ready to present to Council
Recommended Internal Audit Projects from Risk Assessment Audit Work Plan:							
IDEA Warrant/Disbursement and Payroll Analysis	45,000						
Credit Card and Travel Reimbursements	20,000						
Total Anticipated Internal Audit Work for Year 3	139,500						
Whistleblower Investigations	50,000 (2)	1,293	843	3,145	200	5,481	
(2) Per our contract, matters investigated once prediction has been established will be in addition to the internal audit scope of services and is not included in the anticipated work for year-end. If matters are not investigated, the budget will remain unused.							
Total Projected Internal Audit Budget for FY2020	\$ 189,500	\$ 9,623	\$ 6,003	\$ 12,630	\$ 23,215	\$ 51,471	
Other Internal Audit Projects from Risk Assessment Audit Work Plan:							
Purchasing/procurement (compliance, bid splitting, sole source)	\$ 30,000						
Accounts receivable and billings (misappropriation of cash receipts, permits, utilities)	\$ 27,500						
Payroll/HR (improper classification of pay for PERS purposes)	\$ 20,000						

Note: Our estimation of the cost for these projects is based on our past experience in conducting these types of audit and it is highly dependent on the City's ability to provide timely and information in a format that facilitates an efficient review. Should issues or other challenges arise, it may change the scope of our review and budget.

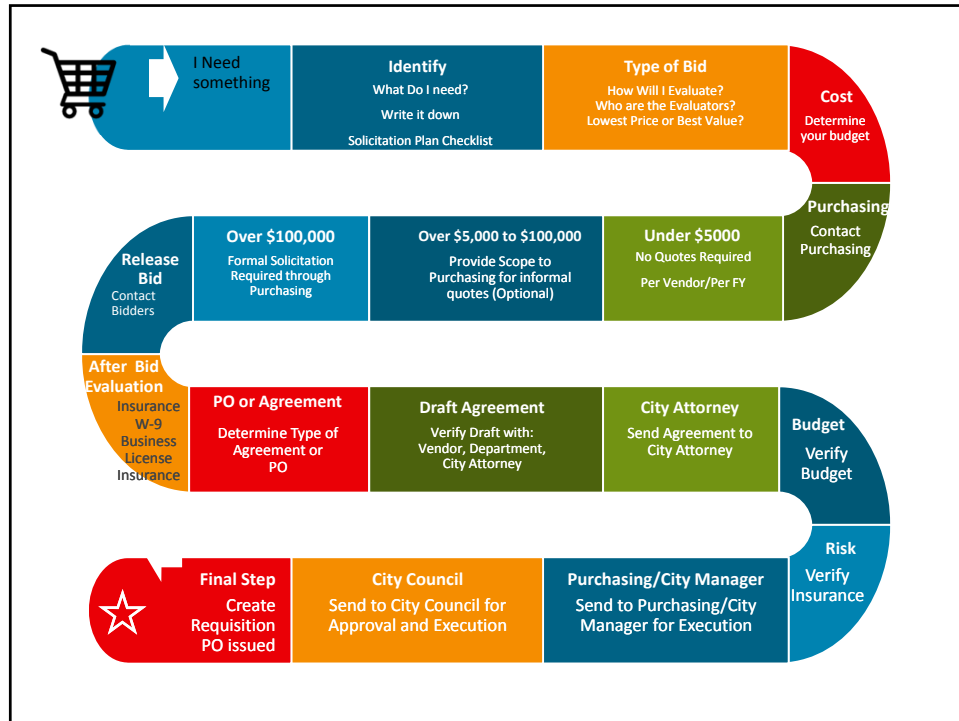
PURCHASING, SOLE SOURCING, AND PROCUREMENT CARDS

Finance & Governance Committee
December 10, 2019



NEW PROCUREMENT PROCESSES

- ❑ Signature Authority - Ord 2943
- ❑ New Purchasing Policy Manual (Posted Online)
- ❑ Standardized:
 - Solicitation Boilerplates
 - Evaluation Process
 - Code of Conduct
- ❑ Vendor Debrief Sessions available
- ❑ Negotiated Contracts/Sole/Single Source (NSS)



SIGNATURE AUTHORITY

<u>Position</u>	<u>Annual Dollar Limit (Not to Exceed)</u>
City Department	\$ 5,000 per vendor/fiscal year
Buyer	\$ 25,000
Purchasing Agent*	\$ 100,000
Public Works Director	\$ 100,000 (Public Projects only)
City Attorney	\$ 200,000 (Legal Matters)

**Does not include signature authority for real property leases*

SIGNATURE AUTHORITY

Position	Annual Dollar Limit (Not to Exceed)
City Manager*	\$ 200,000
Mayor or Most Senior Councilmember	\$ 200,001 and above
Immediate Need (City Manager & Most Senior Councilmember, with Council ratification)	\$ 200,001 and above

**Does not include signature authority for real property leases*

5

STANDARDIZED PROCESS

- ❑ Solicitation Boilerplates:
 - Request for Proposals
 - Request for Bids
 - Request for Qualifications
- ❑ Evaluation Process
 - Evaluation Matrix
 - Evaluators Guide
- ❑ Cooperative agreements
- ❑ Negotiated Contracts/Sole/Single Source (NSS)
 - Form to be completed with a control number assigned and tracked

6

COOPERATIVE AGREEMENTS

- ▶ Purchasing utilizes Cooperatives (Co-Ops), which handle governmental statewide procurement efforts
- ▶ The Co-Ops nationally advertise procurements, and the public entity will be afforded the most advantageous pricing/services
- ▶ A typical Co-Op comprises of an Advisory Board:
 - ▶ Made up of key government purchasing officials from across the United States and normally is co-sponsored by lead state agencies
 - ▶ Oversight by Public Purchasing Professionals – Advisory Board of well-respected public procurement professionals provides leadership, direction, and ensures adherence to procurement industry standards
 - ▶ No User Fees – no costs or fees to participate
 - ▶ Best Overall Supplier Government Pricing – by combining the potential cooperative purchasing power of up to 90,000 public agencies, City is able to access the best overall supplier government pricing

7

COOPERATIVE AGREEMENTS

- ▶ Quality Brands – thousands of the best brands in a wide variety of categories, services and solutions
- ▶ Provides government procurement resources and solutions to local and state government agencies, school districts (K-12), higher education institutions, and nonprofits looking for the best overall supplier government pricing

Co-ops commonly used by the City of Oxnard:

- State of California
- US Communities
- Onvia/DemandStar, formally Sourcewell & National Joint Powers Authority (NJPA)
- National IPA
- NPP Gov (Fire and rescue)
- KPN (Keystone Purchasing Network)
- NASPO (bought through the State of California)

8

NEGOTIATED CONTRACTS & SOLE/SINGLE SOURCES

- FY 17-18 (Starting December 2017)
 - 95 tracked NSS totaling \$2,078,688
 - Estimated total purchase order spend = \$52,686,515
 - NSS spend as % of total purchase order spend = 3.9%
- FY 18-19
 - 108 tracked NSS forms totaling \$7,276,999
 - Estimated total purchase order spend = \$72,176,120
 - NSS spend as % of total purchase order spend = 10.1%
- FY 19-20
 - 44 tracked NSS forms totaling \$2,901,929
 - Estimated total purchase order spend = \$ 42,178,574
 - NSS spend as % of total purchase order spend = 6.9%

9

NEGOTIATED CONTRACTS & SOLE/SINGLE SOURCES

Typical NSS Departmental Usage:

- Services
- Equipment Rental
- Facility MRO supplies
- Heavy Equipment Repair
- Auto Supplies
- Information Technology Proprietary Software
- Urgent Repairs

10

PROCUREMENT CARD

- ❑ Procurement Card Policy Manual
- ❑ Mandatory Training
- ❑ Annual Refresh Training
- ❑ Statements Turned in Timely
- ❑ Record Keeping
- ❑ Accountability

11

PROCUREMENT CARD

- ▶ FY 17-18: \$1.7 million
 - 160 Card Holders
- ▶ FY 18-19: \$904,313
 - 108 Card Holders
- ▶ FY 19-20 (July-October): \$320,055
 - 135 Card Holders

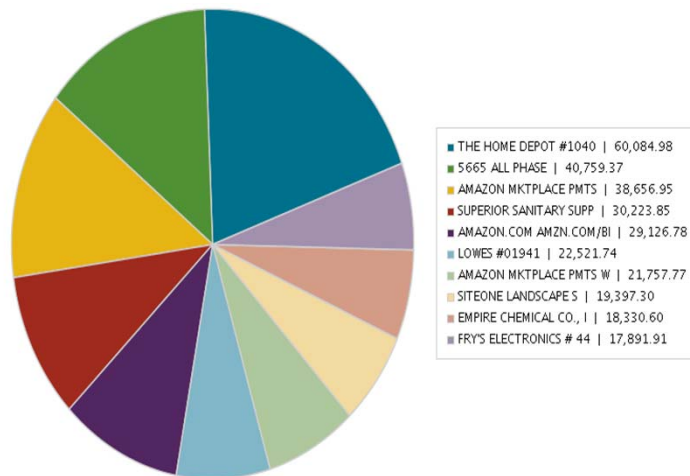
12

PROCUREMENT CARD RESTRICTIONS

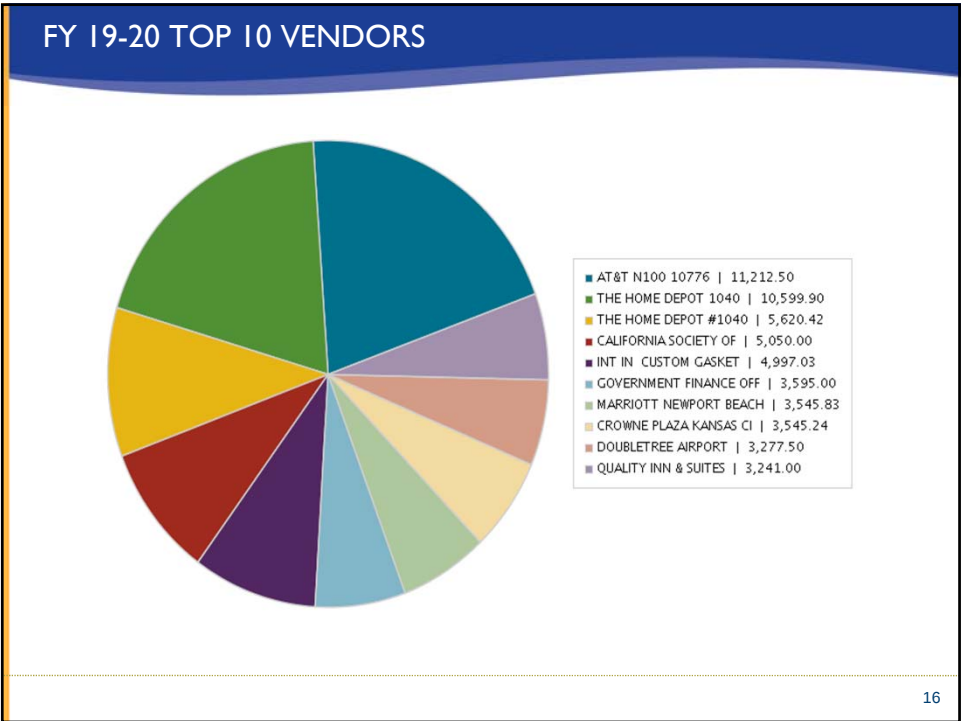
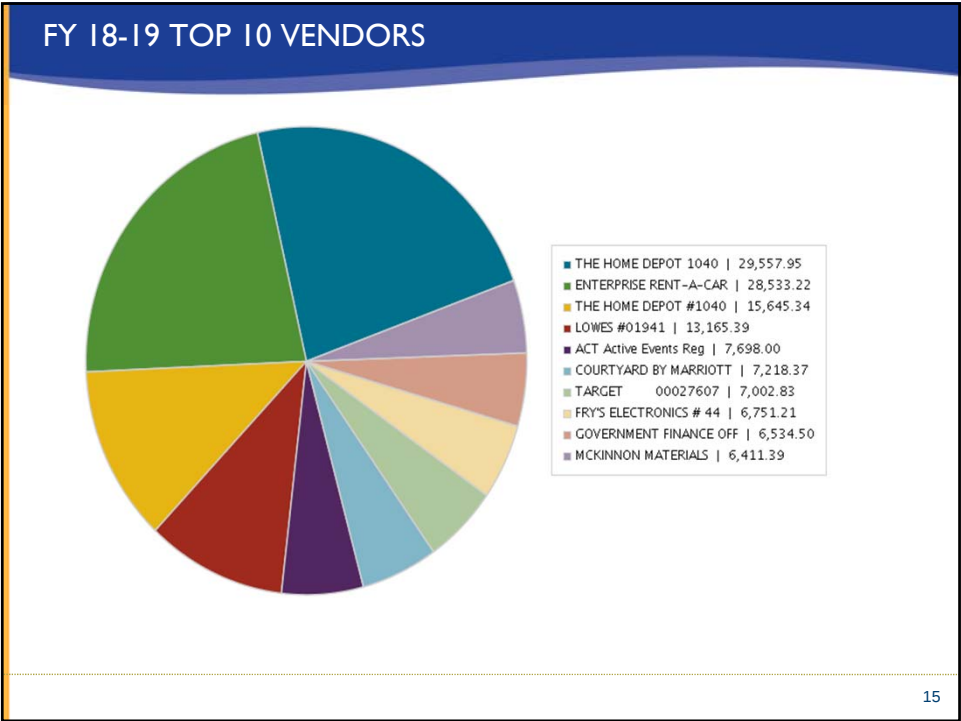
- ▶ Fuel
- ▶ Alcoholic Beverages
- ▶ Cash advances
- ▶ Public works contractors or projects
- ▶ Drugs and narcotics, pharmaceuticals
- ▶ Gift certificates/cards
- ▶ Goods, supplies and/or services that exceed the applicable Division's budget
- ▶ Items/services available through the City's internal service departments

13

FY 17-18 TOP 10 VENDORS



14





**FINANCE AND GOVERNANCE COMMITTEE
AGENDA REPORT**

**REPORTS
AGENDA ITEM NO. D.2.**

DATE: December 10, 2019

TO: Finance & Governance Committee

FROM: Phillip Molina, City Treasurer, (805) 385-7808, phillip.molina@oxnard.org

SUBJECT: SB 998 Water Service Policy. (10/5/5)

RECOMMENDATION

That the Finance and Governance Committee recommends the City Council adopt a resolution approving a written policy on discontinuation of water service in compliance with SB 998.

BACKGROUND

Senate Bill (SB) 998 amends the California Health and Safety Code and introduces new restrictions on the discontinuation of residential water service for delinquent accounts. SB 998 necessitates the adoption of a written policy regarding the discontinuation of residential water service; the City must comply with this requirement by February 1, 2020.

The City will need to extend the number of days before it shuts off service to 60 days. The City will also need to make sure its notice to customers includes a copy of the policy. Further, the City will need to have procedures in place to handle shutting off service to customers with health and financial hardships.

SB 998 necessitates amendments of the Oxnard City Code ("OCC"), which changes are not due in February. Staff will return to the Committee with recommended amendments to update the OCC in the coming months.

DISCUSSION

Written Policy

The City must adopt a written policy on the discontinuation of residential water services with the following information:

1. A plan for deferred or reduced payments;
2. Alternative payment schedules;
3. A formal mechanism for a customer to contest or appeal a bill; and
4. A telephone number to contact for options to avert discontinuation.

The policy must be available in certain languages and must be posted on the City's website.

Payment Plan Requirements

SB 998 provides that a customer must be 60-days delinquent before the water provider may terminate his or her services. This 60-day requirement before discontinuation of water service will apply to all of the City's utility customers. Additionally, the bill prohibits discontinuation of water service if all of the following conditions are met:

1. A primary care provider certifies that discontinuation will be life threatening or poses a serious threat to the health and safety of a resident on the premises where service is provided; and
2. A customer demonstrates he or she is financially unable to pay; and
3. A customer is willing to enter an amortization agreement, alternative payment schedule, or plan for deferred or reduced payment.

However, under the new regulations, the City may choose which of the payment options to undertake and may set the parameters for the plan. Additionally, discontinuation of services may still be permitted if the customer fails to comply with the agreed-upon payment plan for 60 or more days or fails to pay current residential service charges for 60 or more days while under the authorized plan.

Fees

If a customer falls below 200 percent of the federal poverty line (which household income thresholds are listed in the attached forms), the fees the City will impose to restore terminated water services are limited to \$50 during normal operating hours and \$150 during nonoperational hours, but in any case no more than the actual cost. Additionally, the City must waive interest charges on delinquent bills once every 12 months.

Currently, the City's disconnection fee is \$40. The City's reconnection fee is \$40. The City's reconnection fee during nonoperational hours is \$145. These fees will remain the same other than as required for these particular customers.

Notice Requirements

According to SB 988, the City must provide no less than seven days' notice prior to discontinuing residential water service for nonpayment. In the proposed policy, the City will provide no less than ten days' notice prior to disconnection for nonpayment. The City can contact the customer by telephone or written notice. However, if the City fails to reach the customer by telephone or written notice is returned as undeliverable, staff must make a "good faith effort" to visit the residence and leave, in a conspicuous place, notice of the imminent discontinuation for nonpayment and a copy of the City's policy for discontinuation of residential service. After water discontinuation, staff must provide such customers with information on how to restore residential services.

In addition, where it provides individually metered residential water services, the City must provide renters and mobile home residents with written notice prior to discontinuation of service due to nonpayment by their landlord. In addition, the City must allow qualifying residents the opportunity to become a customer without paying the past-due amounts on the landlord's account.

Reporting Requirements

Under SB 998, the City must report its annual discontinuation of services (the number of affected ratepayers) for inability to pay on its website and to the State Water Resources Control Board, which will also post the

information on its website.

Summary Charts

The charts below summarize the main impact of SB 998 and the City's related policy. In each chart, the row listed as "current" explains the City's current policy, the row listed as "SB 998" explains the new proposed policy under SB 998, and the row listed as "changes" explains the difference between the old and new policies. The first chart summarizes the billing process. The current City policy is that payments are due on day 21 after the bill is issued; the new policy will state on the bill that it is due immediately. In any case, however, the past due notice will not be issued until day 28, and the penalty will only be assessed if the bill is not paid by day 30. A doorhanger warning of service disconnection is currently delivered on day 42, but that will be pushed back to day 50 under the new policy. Likewise, the actual service disconnection will push back from day 45 to day 60.

Billing process	Payment due date	Past due notice	Penalty assessed	Doorhanger delivered	Service Disconnection
Current	Day 21	Day 28	Day 30	Day 42	Day 45
SB 998	Due Immediately	Day 28	Day 30	Day 50	Day 60
Changes	Due date will be omitted	no change	no change	8 days	15 days

The second chart summarizes the fees. The penalty fees under the new policy will remain the same as under the old policy, which is ten percent of the bill amount. The door hanger charge will likewise not change. However, currently, the City's policy charges \$80 for both turning off and turning on service; this will be separated out into two separate services that cost \$40 each. There is no change in the after hours cost.

Fees	Penalty fees	Door hanger	Turn off	Turn on	Additional cost after hours
Current	10%	\$ 13	\$80		\$ 65
SB 998	10%	\$ 13	\$ 40	\$ 40	\$ 65
Changes	No change	No change	This fee will itemized by action		No change

STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

FINANCIAL IMPACT

Staff anticipates that implementing this State mandate will cost the Water Fund a small amount of forgone revenue and a more significant amount of staff time diverted to newly required activities.

Impact on revenue: Staff estimates that approximately 500 customers will apply for the once-a-year penalty waiver. Assuming that half of them, or 250 customers, meet all three of the waiver qualifications described above, and further assuming that their average monthly bills for water usage are each \$70, the elimination of the penalty waiver would reduce Water Fund revenue by \$1,750 per year (250 customers X \$70 monthly bill X 10% penalty waiver).

Impact on staff time: There will be at least three areas in which staff time will have to be diverted from existing tasks to complying with SB 998:

1. One-time reprogramming of the utility billing and reporting software by the Information Technology Department.
2. Mandatory hand-delivery of door hanger notices by Water Division staff to qualifying customers who fall behind on their agreed-upon payment plan, approximately 250 door hangers X \$13 each at an estimated cost of \$2,500 per year. This would be a recurring, annual cost.
3. City Treasurer's Department staff time to accept, review, decide upon and implement the estimated 500 penalty waiver requests, approximately ¼ staff hour at an estimated cost of \$6,394 per year. This, too, would be a recurring, annual cost.

Other Programming Cost: A one-time programming cost by Infosend, the vendor that prints City's utility bills, is estimated at \$700 (4 hours x \$175 per hour).

Prepared by: Eden Alomeri, Assistant City Treasurer, Jason Zaragoza, Deputy City Attorney, Tara Mazzanti, Assistant City Attorney

ATTACHMENTS

1. SB 998 Resolution, Policy and Forms
2. SB 998 Presentation

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD AUTHORIZING APPROVAL OF A POLICY FOR THE DISCONTINUATION OF RESIDENTIAL WATER SERVICE AND AUTHORIZING THE CITY MANAGER TO TAKE ALL NECESSARY AND APPROPRIATE ACTIONS TO CARRY OUT THE PURPOSE AND INTENT OF THIS RESOLUTION

WHEREAS, existing law declares it to be the established policy of the State of California that every human being has the right to safe, clean, affordable and accessible water adequate for human consumption, cooking and sanitary purposes; and

WHEREAS, on September 28, 2018 Senate Bill 998 (SB 998) was signed into law by the Governor amending the California Health and Safety Code and introduced new restrictions on the discontinuation of residential water service for delinquent utility accounts; and

WHEREAS, SB 998 was codified as “The Water Shutoff Protection Act,” Health and Safety Code Section 116900, et seq.; and

WHEREAS, the requirements of SB 998 require the City of Oxnard (City) to have a written policy on the discontinuation of residential water services which will require the City to notify delinquent utility customers.

WHEREAS, SB 998 will also require the City to take a number of steps before discontinuing water service, and to also report the number of water discontinuations to the State of California; and

WHEREAS, The City must comply with the requirements of SB 998 by February 1, 2020.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OXNARD DOES HEREBY RESOLVE AS FOLLOWS:

1. The City Council of the City of Oxnard authorizes that the policy for the Discontinuation of Residential Water Service for Nonpayment is hereby approved, a copy of which is attached as Exhibit 1 and incorporated by this reference.
2. The City Manager is hereby authorized to take whatever actions are necessary and appropriate to carry out the purpose and intent of this Resolution.

///
 ///
 ///
 ///
 ///
 ///

PASSED AND ADOPTED THIS 7th day of January 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tim Flynn, Mayor

ATTEST:

Michelle Ascension, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

EXHIBIT 1

SB 998 - Discontinuation of Residential Water Service for Nonpayment Policy

REFERENCE

This policy is established under the authority extended to the City of Oxnard by the California Health and Safety Code, Division 104, Part 12, Chapter 6, “Discontinuation of Residential Water Service.”

PURPOSE

The purpose of this policy is to define the conditions and procedures for discontinuing residential water service due to an account holder’s nonpayment of water charges, including how account holders and/or occupants are notified of this policy, how they may obtain a payment arrangement or alternative payment schedule, how they may contest or appeal water charges, and how they may restore service after it has been discontinued for nonpayment.

Pursuant to California Health & Safety Code section 116904, the City of Oxnard (“City”) must provide a “Discontinuation of Residential Water Service” policy on or before February 1, 2020.

POLICY

It is the City’s policy to notify residential customers of an impending discontinuation of residential water service due to nonpayment of water charges. Residential water service shall not be discontinued for nonpayment until the following three conditions are met:

- (1) water charges are delinquent for at least sixty (60) days;
- (2) the account holder and/or occupants have been notified of this policy in writing no less than ten (10) business days before discontinuation of service; and
- (3) the account holder has:
 - (a) failed to obtain or maintain a payment arrangement or alternative payment schedule with the Utility Billing Division for 60 days or more; or
 - (b) not timely contested or appealed the water charges to the Utility Billing Division;
or
 - (c) not paid current water charges for 60 days or more.

These three conditions are further described as follows:

Condition (1) – delinquent water charges

For the purposes of this policy, water charges will be considered delinquent if all or part of the water charge has not been paid for at least 60 days from the billing date.

The City shall provide written or telephone notification to an account holder and/or occupant of the delinquent charges no less than ten (10) business days before discontinuation of residential service for nonpayment.

If the City fails to reach the customer by telephone or written notice is returned as undeliverable, the City shall make a "good faith effort" to visit the residence and leave, in a conspicuous place, notice of the imminent discontinuation for nonpayment and a copy of the this policy for discontinuation of residential water service. After termination, the City shall provide discontinued customers with information on how to restore residential water services.

Where the City provides individually metered residential water services, the City must provide renters and mobile home residents with written notice prior to discontinuation of service due to nonpayment by their landlord.

Condition (2) – notification of this policy

This policy will be provided to the customer and will include the following:

- (a) The account holder's name and service address;
- (b) The amount of the delinquency;
- (c) The date by which payment or an arrangement for payment is required in order to avoid discontinuation of water service;
- (d) Instructions on how to apply for a payment arrangement or alternative payment schedule; and
- e) Instructions on how to contest or appeal water charges.

Written Notice: a written notification shall be delivered either by U.S. mail, or by personal delivery. For those account holders who receive a paper utility bill, notice will be sent to the account holder's postal address and the service address, if the two addresses are not the same. When U.S. mail is not possible, personal delivery will be to the service address, and the notice will be left in a conspicuous place or wherever field personnel can safely post the notice.

Condition (3)**(a) – obtaining payment arrangements or alternative payment schedules**

The City shall offer a payment arrangement or alternative payment schedule once the account holder submits the following information by the date indicated on the notice (See Condition (2)):

- (a) Certification of Primary Care Provider – this form (**Form 998-A**) certifies that discontinuation of water service poses a serious threat to the health and safety of residents living at the service address.
- (b) Certification of Financial Hardship – this form (**Form 998-B**) provides supporting documents and certifies that the residents living at the service address are unable to pay for water within the City’s normal billing cycle.

-OR-

Declaration of Household Income – this form (**Form 998-B2**) provides supporting documentation for the Certification of Financial Hardship and is used to declare that the household’s annual income is less than 200% of the federal poverty level.

The account holder shall submit the aforementioned forms to Utility Billing division, located at 214 South C Street; or via facsimile at (805)385-7865; or via email at C2GUtilities@oxnard.org. Upon receipt of the aforementioned forms, Utility Billing will contact the account holder within 15 business days and offer to enter into a payment arrangement in writing on a City-provided form (**Form 998-C**). Payment arrangements or alternative payment schedules may only be made between the City and the account holder. Once agreed upon, a payment arrangement or alternative payment schedule may not be extended or modified. A payment arrangement or alternative payment schedule shall be considered null and void if any part of it is not kept for 60 days or more, or if water charges contained in subsequent bills are not paid for 60 days or more (see Condition (3)(c) current water charges).

(b) – contesting or appealing water charges

An account holder may contest or appeal the accuracy of the charges or the customer’s liability for payment. Water charges may be contested or appealed by filing a written request with the City Clerk, located at 300 West Third Street, 4th floor. Matters such as the quality of service, rates of service, or the terms and conditions of a payment arrangement or alternative payment schedule may not be contested or appealed to Utility Billing.

(c) – current water charges

For the purposes of this policy, current water charges shall mean any charges billed after those that have been addressed by a payment arrangement or alternative payment schedule. Current water charges not paid for 60 days or more shall cause the water service to be shut off for nonpayment. Current water charges shall be ineligible for a payment arrangement or alternative payment schedule if a payment arrangement or alternative payment schedule for a previous bill is already in effect.

Shutoff for Nonpayment

If the above-three conditions are met, the City will post a final notice of impending water shutoff at the service address at least ten (10) business days before shutoff.

Restoral of Service

After service has been shutoff for nonpayment, Utility Billing shall provide information to the account holder on how to restore residential water service. Beginning February 1, 2020, a service disconnection fee will be \$40 and service restoral fee shall be \$40.00 during business hours and \$145.00 after business hours for all customers. Restoral fees shall be subject to annual adjustment for changes in the Consumer Price Index starting January 2021.

Miscellaneous Policy Provisions

Languages. This policy, and all written notices required under this policy, will be available in English and Spanish.

Contact. A City representative is available to speak with account holders during regular business hours at (805)385-7816 to discuss this policy as well as options for averting discontinuation of residential service for nonpayment.

Posting of Policy. The City will post this policy on the City's website.

Systems to Report Discontinuations. Utility Billing shall report the number of annual discontinuations of residential water service for inability to pay on the City's website and report to the State Water Resources Control Board.

Applicability of Policy. This policy does not apply to the termination by the City of a service connection for any other purpose.

Certification of Primary Care Provider

CITY OF OXNARD UTILITY BILLING

THIS SECTION TO BE FILLED OUT BY ACCOUNT HOLDER

Account Number

Service Address

Account Holder Name

Person Receiving Primary Care

Date of Bill seeking Payment Arrangement

Amount of Bill seeking Payment Arrangement

I, the account holder, certify under penalty of perjury that the above-named person receiving primary care resides at the service address.

Account Holder Signature

Phone Number

THIS SECTION TO BE FILLED OUT BY PRIMARY CARE PROVIDER

Name of Primary Care Provider

Name of Clinic or Medical Facility

Clinic Address

Clinic Phone Number

National Provider Identifier

Person Receiving Primary Care

I, the primary care provider, certify under penalty of perjury that I provide care to the above-named person and that discontinuation of water service to this person would pose a serious threat to his or her health and safety.

Primary Care Provider Signature

THIS SECTION TO BE FILLED OUT BY CITY STAFF

CERTIFICATION OF FINANCIAL HARDSHIP

City of Oxnard Utility Billing

THIS SECTION TO BE COMPLETED BY ACCOUNT HOLDER

Account Number	Service Address
Account Holder Name	Number of Members in Household
Date of Billing seeking Payment Arrangement	Amount of Bill seeking Payment Arrangement

1. Which of the following forms of assistance are currently utilized by the household?
(Only one member of the household need provide proof of assistance to complete this form.)

Assistance	Recipient(s) Name	Proof Required
Medi-Cal		Notice of Action from Ventura Co Human Services Dept.
SSI/SSP		Social Security Benefit Verification Letter
CalWorks		Notice of Action from Ventura Co Human Services Dept.
CalFresh		Notice of Action from Ventura Co Human Services Dept.
General Assistance		Notice of Action from Ventura Co Human Services Dept.
WIC		WIC Card + valid California ID
(None)	All household members	Declaration of Household Income –Form 998-B2

2. Certificate of Financial Hardship

I, the undersigned, declare under penalty of perjury under the laws of the State of California that I am the recipient of the above-indicated assistance, that I have provided proof of this, and that I am a member of household of the service address indicated above.

Recipient Name

Account Holder Name

THIS SECTION TO BE FILLED OUT BY CITY STAFF

Date & Time Received	Received By	Completed

Declaration of Household Income

City of Oxnard Utility Billing

THIS SECTION TO BE COMPLETED BY ACCOUNT HOLDER

Household Income Guidelines Effective February 1, 2020									
Number of People In Household	1	2	3	4	5	6	7	8	Each additional person
Maximum Gross Household Income	\$24,980	\$33,820	\$42,660	\$51,500	\$60,340	\$69,180	\$78,020	\$86,860	\$8,840

LIST OF HOUSEHOLD INCOME

List all household members currently residing at the service address, regardless of their earning status.
Unearned income may include any monies from spouse/partner, SSI/SSD, welfare benefits, unemployment, Student grants, rental income, interest, dividends, cash, and /or gifts

Current Household Members (Last Name, First Name)	Relationship	Age	Employed? (Yes/No)	Employment Income (Monthly)	Unearned Income (Monthly)
1.	Head of Household				
2.					
3.					
4.					
5.					
6.					
7.					
8.					
Employment and Unearned Income Totals:					

DECLARATION OF HOUSEHOLD INCOME (All household members 18 years of age or older must sign this declaration)

I, the undersigned, declare under penalty of perjury under the laws of the State of California that the above information is true and correct

Print Name	Signature	Relationship
1.		Head of Household
2.		
3.		
4.		
5.		
6.		
7.		
8.		

THIS SECTION TO BE COMPLETED BY CITY STAFF

Date & Time Received	Received By	Completed By

FORM 998-C

Agreement for Payment Arrangement City of Oxnard Utility Billing

THIS SECTION TO BE COMPLETED BY CITY STAFF

The following payment arrangement is proposed between City of Oxnard and the account holder named below. The account holder must sign this agreement for the payment arrangement to take effect.

Account Number _____

Service Address _____

Account Holder Name _____

Date & Amount of Bill seeking Payment Arrangement _____

Payment Arrangement Schedule

#	Minimum Payment Amount	Due By (Date)	Remaining Balance After Payment
1.			
2.			
3.			
4.			
5.			
6.			

- Per section 116910.(b)(2) of the California Health & Safety Code, City staff may choose the payment option the account holder undertakes and may set the parameters of that payment option.
- Payment arrangements or alternative payment schedules may only be made between City staff and the account holder.
- An account holder may only have one payment arrangement or alternative payment schedule per account at a time.
- A payment arrangement or alternative payment schedule shall be considered null and void if any part of it is not kept for 60 calendar days or more, or if water charges contained in current bills are not paid for 60 days or more.
- Current utility bill amounts must be paid in full by the billing date. Payment Arrangement amounts may be paid ahead of schedule or in excess of the scheduled amount. All payments will apply against the oldest charges first. Failure to pay current bill amounts by the bill's due date will result in shutoff of service as soon as those amounts are 60 days overdue.

I, the account holder, agree to the payment arrangement described above.

Account Holder Signature _____

Date _____

THIS SECTION TO BE COMPLETED BY CITY STAFF

Date & Time received	Received By	Completed

SB 998 Water Services Policy

Eden Alomeri, Assistant City Treasurer

December 10, 2019



RECOMMENDATION

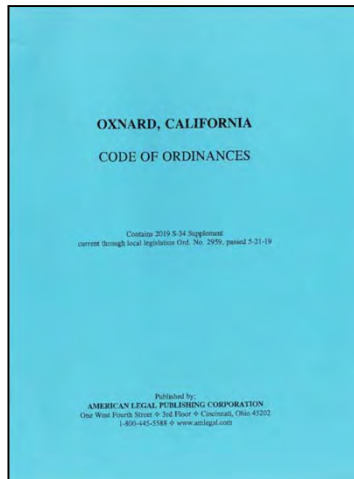
That the Finance & Governance Committee recommends that the City Council adopt a resolution approving a written policy on discontinuation of water service in compliance with SB 998

BACKGROUND

- SB 998 amends the California Health & Safety Code by introducing new restrictions on the discontinuation of residential water service for delinquent accounts
- SB 998 necessitates the adoption of a written policy regarding the discontinuation of residential water service by February 1, 2020



BACKGROUND



- SB 998 requires amendments of the Oxnard City Code ("OCC"), which are not due in February
- Staff will return to the Committee with recommended amendments to update the OCC in the coming months

WRITTEN POLICY

The City must adopt a written policy on the discontinuation of residential water services with the following information:

1. A plan for deferred or reduced payments;
2. Alternative payment schedules;
3. A formal mechanism for a customer to contest or appeal a bill; and
4. A telephone number to contact for options to avert discontinuation.



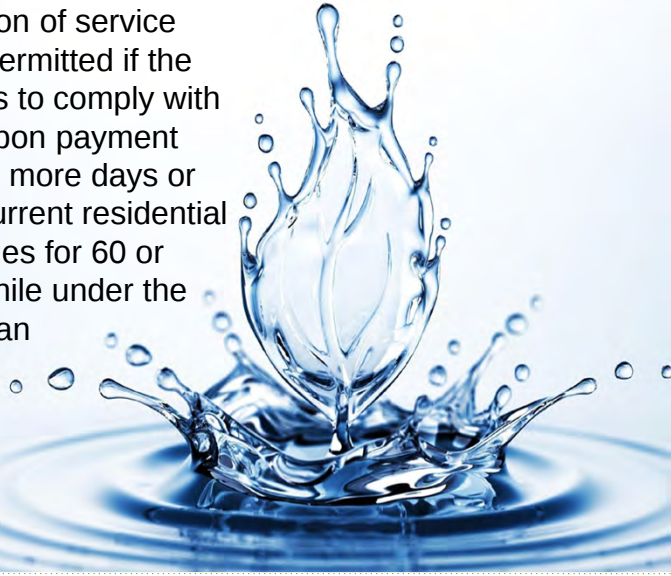
* The policy must be posted on the City's website

SAFEGUARDS

- SB 998 provides that a customer must be **60 days** delinquent before the City may terminate services.
- Additionally, SB 998 prohibits discontinuation of water service if all of the following conditions are met:
 1. A primary care provider certifies that discontinuation will be life threatening or pose a serious threat to the health & safety of a resident
 2. Customer demonstrates financial inability to pay
 3. Customer is willing to enter an amortization agreement, alternative payment schedule, or plan for deferred or reduced payment

DISCONTINUATION OF SERVICE

Discontinuation of service may still be permitted if the customer fails to comply with the agreed-upon payment plan for 60 or more days or fails to pay current residential service charges for 60 or more days while under the authorized plan



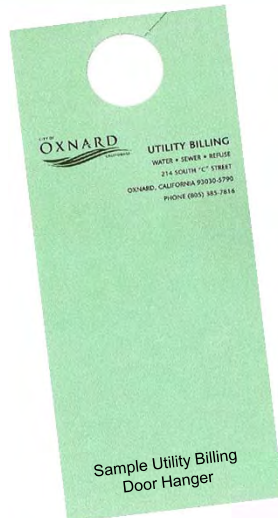
FEES

For customer who falls 200% below federal poverty line:

Household Income Guidelines Effective February 1, 2020							
Number of People in Household	1	2	3	4	5	6	Each additional person
Gross Household Income	\$24,980	\$33,820	\$42,660	\$51,500	\$60,340	\$69,180	\$8,840

- To restore service, fee is limited to \$50 during normal operating hours, \$150 during non-operational hours
- Currently, the City's disconnection fee is \$40. The City's reconnection fee is \$40. The City's reconnection fee during non operational hours is \$145.

NOTICE REQUIREMENTS



- The City must provide no less than 7 days' notice prior to discontinuing residential water service for nonpayment
- The City will provide at least 10 days' notice
- City must make a good faith effort to reach residents in the event that written & telephone communication is unsuccessful
- A notice of imminent discontinuation & a copy of the City's policy for discontinuation of residential service must be left at the residence*

*City must provide discontinued customers with information on how to restore service

NOTICE REQUIREMENTS

In cases with individually metered residential water services, the City must provide renters & mobile home residents written notice prior to discontinuation of service due to nonpayment by their landlord



City must allow qualifying residents the opportunity to become a customer without paying the past-due amounts on the landlord's account

REPORTING REQUIREMENTS



Under SB 998, the City must report its annual discontinuation of services (the number of affected ratepayers) for inability to pay on City website & to the State Water Resources Control Board

OVERVIEW OF CURRENT POLICY VS. SB998 CHANGES

Billing process	Payment due date	Past due notice	Penalty assessed	Doorhanger delivered	Service Disconnection
Current	Day 21	Day 28	Day 30	Day 42	Day 45
SB 998	Due Immediately	Day 28	Day 30	Day 50	Day 60
Changes	Due date will be omitted	no change	no change	8 days	15 days

FEE OVERVIEW

Fees	Penalty Fees	Door Hanger	Turn Off	Turn On	Additional cost after hours
Current Policy	10%	\$13	\$80		\$65
SB 998	10%	\$13	\$40	\$40	\$65
Changes	No Change	No Change	Fee itemized by action		No Change

