



Finance Department
STAFF REPORT

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TO: Andrew P. Powers, City Manager

FROM: Jaime Boscarino, Finance Director

DATE: March 31, 2020

SUBJECT: Late Payment Policies and Processes During COVID-19

RECOMMENDATION:

Adopt resolution authorizing temporary moratoriums of certain late fees, fines, and collection procedures during the local emergency related to the coronavirus named “SARS-CoV-2” (COVID-19) pandemic.

FINANCIAL IMPACT:

Financial Impact to be Determined. The total financial impact on revenue loss for the General Fund, Water Fund, and Wastewater Fund will be determined once the COVID-19 emergency orders have been lifted.

BACKGROUND:

On March 19, 2020, in response to the COVID-19 pandemic, Governor Newsom issued an Executive Order for all Californians to Stay at Home. The following day the Ventura County Health Officer issued a “Stay Well At Home” Order with the intent to ensure that the maximum number of persons stay in their places of residence to the maximum extent feasible with the goal of slowing the spread of COVID-19.

Many community members are potentially facing unemployment and/or their business(es) are not in operation and not receiving an income, leaving them with tough decisions to make, including paying rent and putting food on the table. To lessen the financial burden, City staff evaluated potential temporary relief that could be made available for residents and the business community (Attachment #1).

Late Payment Policies and Processes During COVID-19
March 31, 2020
Page 2

DISCUSSION/ANALYSIS:

The following summary describes the City's current processes/policies regarding non-payment of services, business licenses, fees, and fines in which staff is recommending temporary changes during the COVID-19 emergency:

I. Water and Wastewater Utility Bills

In compliance with new legislation regarding termination of water shutoffs due to non-payment, and pursuant to City policies and Municipal Code, the following are the fees and notices for non-payment of Water and Wastewater Utility bills:

- Late Fees: A charge of ten percent (10%) of the overdue balance is assessed for charges not paid within forty (40) days of the billing date printed on the front of the bill.
- Late Fees Compounded: An additional late payment charge of one-half of one percent (0.5%) of the unpaid service charge and basic late payment charge shall be charged to the account each month that the service charge and basic late charge remain unpaid.
- Door Tags (Water Only): A charge of thirty-five dollars (\$35) is assessed for final door tag notices. Door tags are placed on accounts not paid within eighty (80) days of the billing date printed on the front of the bill.
- Disconnection of Service (Water Only): Accounts not paid within ninety (90) days from the original bill date are eligible for shutoff. The total fees for disconnection/reconnection during City Hall hours is \$70.00.
- Referral to Collections (Account Terminated/Customer Chose to Close Account): Unpaid balances on final bills receive a courtesy call. If they remain unpaid, approximately 30 days after the due date, those accounts are sent to the City's contracted collection agency.
- Past-due Wastewater: For active wastewater accounts that are six months or more past-due, liens are assessed on the property (pending City Council approval). Normally this would be done in June. After liens are assessed, any unpaid balances are transferred to the County Assessor's Office and the fees are placed on property tax. The County's schedule to assess fees on property tax calls for file transfers in August of each year.

Late Payment Policies and Processes During COVID-19
March 31, 2020
Page 3

Staff recommends City Council approve:

1. A temporary moratorium of late fees and interest on overdue water and wastewater utility bills.
2. A temporary moratorium on issuing water door tag final notices.
3. A temporary moratorium on water shutoffs for non-payment.
4. A temporary moratorium on sending water and wastewater accounts to collections.
5. A temporary moratorium on placing liens on wastewater accounts.

II. Parking Citations

Parking citations are due within twenty-one (21) days of their issue date. Per the User Fee Manual, unpaid citations are subject to a seventeen dollar (\$17) late fee. Additionally, citations sixty (60) days or more past-due are attached to Department of Motor Vehicle (DMV) registrations. An additional thirty-three dollar (\$33) fee is assessed on those accounts.

Staff recommends City Council approve:

1. A temporary moratorium on adding late fees to parking citations.
2. A temporary moratorium on sending past-due citations to the DMV.

III. Business Licenses

Pursuant to the User Fee Manual and City Municipal Code, to avoid penalties, 2020 Business Licenses were due February 29, 2020. Unpaid licenses resulted in an additional penalty of ten dollars (\$10) or ten percent (10%) of the tax owed (whichever is greater). These penalties were assessed on March 1, 2020 and will continue to accrue on the 1st of each month without action.

Staff recommends City Council approve:

1. A temporary moratorium on the accumulation of late fees, penalties, and interest for unpaid business licenses.
2. A temporary moratorium on referring business license accounts to collection.

Late Payment Policies and Processes During COVID-19

March 31, 2020

Page 4

IV. Property Damage

Recovery rates are based on direct and indirect costs for all fees. Accounts with past-due balances of ninety (90) or more days are referred, if contact information is available, to the offender's insurance company for payment. If insurance company contact information is unavailable or payment is refused, the account is referred to the City's contracted collections agency and assessed a ten percent (10%) penalty.

Staff recommends City Council approve:

1. A temporary moratorium on referring unpaid property damage accounts to collections.

COUNCIL GOAL COMPLIANCE:

Meets City Council Goal A and B:

- A. Provide municipal government leadership which is open and responsive to residents, and is characterized by ethical behavior, stability, promoting public trust, transparency, confidence in the future, and cooperative interaction among civic leaders, residents, business representatives, and staff, while recognizing and respecting legitimate differences of opinion on critical issues facing the City.
- B. Operate City government in a fiscally and managerially responsible and prudent manner to ensure that the City of Thousand Oaks remains one of California's most desirable places to live, work, visit, recreate, and raise a family.

PREPARED BY: Carrie Matson, Deputy Finance Director

Attachment:

Attachment #1 – Resolution Authorizing Staff to Temporarily Suspend Collection of Certain Late Fees and Fines

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF THOUSAND OAKS
AUTHORIZING CITY STAFF TO
TEMPORARILY SUSPEND COLLECTION OF
CERTAIN LATE FEES AND FINES DURING
THE LOCAL EMERGENCY RELATED TO THE
COVID-19 PANDEMIC

WHEREAS, international, national, state, and local health and governmental authorities are responding to an outbreak of a respiratory disease caused by a novel coronavirus named “SARS-CoV-2” and the disease it causes has been named “coronavirus disease 2019,” abbreviated COVID-19; and

WHEREAS, the Centers for Disease Control and Prevention (CDC) announced on February 25, 2020 that community spread of COVID-19 is likely to occur in the United States; and on March 11, 2020, World Health Organization (WHO) declared COVID-19 as a pandemic; and

WHEREAS, on March 4, 2020, the Governor of the State of California declared a state of emergency to make additional resources available and formalize emergency actions; and

WHEREAS, on March 12, 2020, the County of Ventura declared a local health emergency and further declared that there is an imminent and proximate threat of COVID-19 spreading in the County of Ventura and a threat to the public health of County residents; and

WHEREAS, the Director of Emergency Services of the City of Thousand Oaks made a Proclamation of Local Emergency on March 12, 2020; and

WHEREAS, on March 13, 2020, President Trump declared a national emergency in response to the COVID-19 outbreak under both the National Emergencies Act and under the Stafford Disaster Relief and Emergency Assistance Act; and

WHEREAS, on March 16, 2020, the Governor of the State of California issued Executive Order N-28-20 reconfirming the State of Emergency in California as a result of the threat of COVID-19, the additional economic impact the virus is causing to residents and businesses; and

WHEREAS, as a result of the Local Emergency and the precautions recommended by health authorities, many residents and businesses in the City of Thousand Oaks have or may soon experience sudden and unexpected income loss; and

WHEREAS, the Governor of the State of California (“Governor”) has stated that individuals exposed to COVID-19 may be temporarily unable to report to work due to illness caused by COVID-19 or quarantines related to COVID-19, and such individuals and their families may experience potential loss of income, health care and medical coverage, and ability to pay for housing and basic needs, thereby placing increased demands on already strained regional and local health and safety resources, including shelters and food banks; and

WHEREAS, further economic impacts are anticipated, leaving residents and businesses vulnerable to financial crisis; and

WHEREAS, the Governor of the State of California is expected to continue to issue Executive Orders to combat COVID-19 that will mandate or authorize local agencies such as CITY to enact additional regulations consistent with Federal and State law to protect the health, safety, and welfare of residents; and

WHEREAS, on March 17, 2020, the City Council of the City of Thousand Oaks adopted Resolution No. 2020-10 ratifying the Proclamation of the Existence of Local Emergency and Rendering Certain Emergency Orders; and

NOW, THEREFORE, the City Council of the City of Thousand Oaks does resolve as follows:

1. Effective Wednesday, March 31 at 12:01 a.m., there will be a temporary moratorium on:
 - a. Water and wastewater utility bill late fees and interest
 - b. Water door tag final notices
 - c. Water shutoffs for non-payment
 - d. Sending water and wastewater accounts to collections
 - e. Placing liens on wastewater accounts
 - f. Parking citation late fees
 - g. Sending past-due parking citations to the Department of Motor Vehicles (DMV)
 - h. Business license accumulation of late fees, penalties and interest

- i. Referring unpaid business license accounts to collections
 - j. Referring unpaid property damage accounts to collections
2. This moratorium shall remain in effect until the local emergency is terminated, or until such time as this Resolution is modified or rescinded by the City Council.

PASS and ADOPTED this 31st day of March, 2020.

Al Adam, Mayor
City of Thousand Oaks

ATTEST:

Cynthia M. Rodriguez, City Clerk

APPROVED AS TO FORM
Office of the City Attorney

Tracy M. Noonan, City Attorney

APPROVED AS TO ADMINISTRATION:

Andrew P. Powers, City Manager