



Board Agenda Item 9

DATE: August 9, 2022

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

SUBJECT: Direct Payment Agreement with Horne LLP

RECOMMENDED ACTION(S):

- 1. Approve the form of the Direct Payment Agreement (Agreement) with Horne LLP for the County to receive direct payments from Horne LLP for the benefit of the customers of County-maintained water systems who qualify for the California Department of Community Services and Development Low-Income Household Water Assistance Program except for the provisions of Section 2.5 of the Agreement (i.e., County's return of funds relating to previously discharged (written-off) customer account balances) and Section 2.6 of the Agreement (i.e., County's return of funds relating to previously closed customer accounts); and**
- 2. Authorize the Director of Public Works and Planning (Director) or his designee to complete negotiations with Horne LLP concerning the provisions of Sections 2.5 and 2.6 of the Agreement upon terms and conditions that would be in the Director's determination as in the best interest of the County; and**
- 3. Authorize the Director to approve and execute the Agreement with Horne LLP, including the provisions of Sections 2.5 and 2.6 of the Agreement that are in his determination as in the best interest of the County.**

The recommended Agreement is time sensitive due to being required in order for customers to apply to the California Department of Community Services and Development Low-Income Household Water Assistance Program (LIHWAP). Therefore, due to the limited time, the Department of Public Works and Planning (Department) was unable to complete negotiations with Horne LLP concerning the provisions of Sections 2.5 and 2.6 of the recommended Agreement; those provisions currently require a three (3) business day turnaround by the County to return funds to Horne LLP for previously discharged (written-off) customer account balances or previously closed customer accounts.

If the first recommended action is approved, your Board would substantially approve the form of a direct payment agreement with Horne LLP for the County to receive direct payments from Horne LLP for the benefit of customers of County maintained water systems who qualify for the LIHWAP. The LIHWAP provides financial assistance to low-income residents to help pay down their outstanding residential water or wastewater bills. In order for your Board's authorization of the first recommended action to have effect, your Board would need to approve the second and third recommended actions.

If the second and third recommended actions are approved, the Director of Public Works and Planning or his designee would be authorized to complete negotiations with Horne LLP concerning the provisions of Sections 2.5 and 2.6 of the recommended Agreement in order to ensure that their terms and conditions are

in the best interest of the County. Upon obtaining those terms and conditions (or otherwise determining that their current terms and conditions are acceptable), the Director would execute the Agreement with Horne and the County would commence receiving the direct payments. This item is countywide.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended actions, customers of County maintained water systems would not be able to receive assistance through the LIHWAP.

FISCAL IMPACT:

There is no Net County Cost associated with this item. Funds will be received directly from Horne LLP and credited by the Department to the appropriate customer accounts.

DISCUSSION:

The Public Works and Planning, Resources Division, through its Special Districts Section, provides for the operations and maintenance of approximately 22 water systems and 11 wastewater treatment facilities. The locations of water and wastewater systems range from as far West as El Porvenir located near Interstate 5, to Tamarack located near Huntington Lake at the 7,300-foot elevation in the Sierras, approximately 135 miles apart by road travel.

The recommended Agreement provides that the California Department of Community Services and Development (“CSD”) is authorized to administer the LIHWAP to provide financial assistance to help low-income Californians manage their residential water utility costs. The recommended Agreement further provides that CSD has contracted with Horne LLP to disburse direct payments to water systems to apply a LIHWAP credit to eligible households.

If the recommended actions are approved, and if the Director is able to obtain acceptable terms, or otherwise be satisfied with the current terms and conditions for the provisions for Section 2.5 and 2.6 of the Agreement, the County will be able enter into a direct payment agreement with Horne LLP, which Agreement is required in order for low-income customers of our systems to participate in the LIHWAP. Eligible customers would apply for the LIHWAP through the State and the State’s Local Service Providers. Through LIHWAP households may receive one benefit payment for water/wastewater services of up to \$2,000 during the program period (May 2022 through August 31, 2023). That payment would be disbursed to the County by Horne LLP and credited to the applicable customer account.

Any payments distributed by Horne LLP to the County that are for closed accounts or are in excess would be returned by the County to Horne LLP.

Section 2.5 of the current form of the recommended Agreement (i.e., County’s return of funds relating to previously discharged (written-off) customer account balances) and Section 2.6 of the current form of the recommended Agreement (i.e., County’s return of funds relating to previously closed customer accounts) require a three (3) business day turnaround by the County to return funds to Horne LLP once the funds are identified by Horne LLP. Department Staff are currently discussing the three (3) business day turn around with Horne LLP in order to seek a more favorable turn around than these current provisions, or otherwise ensure that the Department is able to abide by the terms and conditions in the provisions of Sections 2.5 and 2.6 of the current form of the Agreement.

The first recommended action excludes recommendation of your Board’s approval of sections 2.5 and 2.6 of the recommended Agreement so that the Director or his designee may complete negotiations for the terms and conditions of Sections 2.5 and 2.6 of the recommended Agreement.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Direct Payment Agreement

CAO ANALYST:

Salvador Espino