



Legislation Text

File #: CB 119758, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the City Light and Seattle Public Utilities Departments; temporarily removing the charge of interest on delinquent utility consumption and utilization accounts; superseding several sections under Title 21 that authorize and require the collection of interest on delinquent utility consumption and utilization accounts; declaring an emergency; and establishing an immediate effective date; all by a 3/4 vote of the City Council.

WHEREAS, the World Health Organization has announced novel coronavirus (COVID-19) is officially a global pandemic; and

WHEREAS, on January 31, 2020, the United States Department of Health and Human Services Secretary Alex Azar declared a public health emergency for COVID-19, beginning on January 27, 2020; and

WHEREAS, the Washington Governor has declared a state of emergency in response to new cases of COVID-19, and on Wednesday March 11, 2020 announced a ban on gatherings and events of more than 250 people in King, Snohomish, and Pierce Counties in an effort to contain the coronavirus outbreak; and

WHEREAS, the COVID-19 outbreak presents an extreme risk of person-to-person transmission of the virus and public health experts worldwide advise the best way to prevent a calamitous explosion of cases is to prevent infected people from coming in close contact with healthy ones; and

WHEREAS, while this practice of social distancing is critical in mitigating the rate of spread of the COVID-19 virus, it is having significant negative economic effects on the national and regional economy, in particular small businesses and workers in large sectors of the Seattle-area economy who cannot work remotely; and

WHEREAS, Seattle Public Utilities and Seattle City Light have a long history of providing assistance to low-

income customers; and

WHEREAS, Seattle Public Utilities has several Seattle Municipal Code provisions requiring collection of interest on delinquent utility consumption and utilization charges; and

WHEREAS, Seattle Municipal Code (“SMC”) 21.49.130 authorizes the City Light Department to charge interest on delinquent utility consumption and utilization accounts, but requires compliance with SMC Chapter 3.02 procedures for any changes; and

WHEREAS, a consistent temporary policy towards relief from the collection of interest on delinquent utility consumption and utilization policy is intended for utility ratepayers; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Council finds and declares that:

A. Pursuant to chapter 38.52 RCW, Article V, Section 2 of the City Charter, and Seattle Municipal Code subsection 10.02.010.A, the Mayor proclaimed a Civil Emergency on March 3, 2020 due to the novel coronavirus (COVID-19).

B. Delinquency rates on consumer loans in the United States have been trending upward, which tends to correlate with increases in unemployment.

C. Utility bills combined with the public health emergency for novel COVID-19 will inherently have a disproportionate negative impact on low-wage workers, individuals on fixed incomes, non-profit organizations and small businesses, inhibiting their ability to pay utility bills before their due date.

D. Several sections of the Seattle Municipal Code allow the City Light Department and Seattle Public Utilities to charge interest on delinquent bill balances.

E. Temporarily waiving the charging of interest on delinquent bill balances as soon as possible is necessary both to help ease the negative impact on low-wage workers, individuals on fixed incomes, non-profit organizations and small businesses and to reduce the frequency of in-person bill payment during the emergency.

Section 2. No new interest charges shall be added to utility consumption and utilization accounts for

residential customers or commercial customers with taxable gross receipts of less than \$5 million annually on bills issued from the time this ordinance takes effect until the earlier of:

- A. Termination of the civil emergency proclaimed by the Mayor on March 3, 2020; or
- B. August 1, 2020.

Section 3. To the extent the following sections or subsections of the Seattle Municipal Code that authorize or require the collection of interest on delinquent utility customer consumption and utilization charges are inconsistent with Section 2 of this ordinance, they are superseded during the time period stated in Section 2:

- 21.04.470.D (Bills for water used - Delinquency);
- 21.28.260 (Billing and collection of wastewater charges);
- 21.33.110 (Delinquent payments - Enforcement procedures);
- 21.40.070 (Commercial collection rates and charges);
- 21.40.080 (Recycling and disposal station rates);
- 21.40.120.C (Payment of charges - delinquency and lien); and
- 21.49.130.E (Authority).

Section 4. Based on the findings of fact set forth in Section 1 of this ordinance, the Council finds and declares that this ordinance is a public emergency ordinance, which shall take effect immediately and is necessary for the protection of the public health, safety, and welfare.

Section 5. By reason of the findings set out in this ordinance, and the emergency that is declared to exist, this ordinance shall become effective immediately upon a passage by a 3/4 vote of the Council, and its approval by the Mayor, as provided in Article IV, subsection 1.I of the Charter of the City.

Passed by a 3/4 vote of all the members of the City Council the _____ day of _____, 2020, and signed by me in open session in authentication of its passage this _____ day of _____, 2020.

President _____ of the City Council

Approved by me this _____ day of _____, 2020.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2020.

Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
City Light	Kirsty Grainger 684-3713	Greg Shiring 386-4085
Public Utilities	Paula Laschober 684-0958	Akshay Iyengar 684-0716

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title:

AN ORDINANCE relating to the City Light and Seattle Public Utilities Departments; temporarily removing the charge of interest on delinquent utility consumption and utilization accounts; superseding several sections under Title 21 that authorize and require the collection of interest on delinquent utility consumption and utilization accounts; declaring an emergency; and establishing an immediate effective date; all by a 3/4 vote of the City Council.

Summary and background of the Legislation:

The COVID-19 outbreak presents risk of severe negative economic effects on the national and regional economy, particularly for small businesses and workers in sectors of the Seattle-area economy who cannot work remotely. As a result both the state and the City have declared an emergency and are implementing a variety of measures to help people and business during the period of public response and mitigation. One measure is providing utility bill relief to vulnerable populations and businesses.

This ordinance temporarily suspends requirements for interest charges and late payment fees for all residential customers and businesses with taxable gross receipts of less than \$5 million. This approach will provide a consistent temporary policy towards relief from the collection of interest on delinquent utility consumption and utilization policy and is intended to help residential and small business customers of the utilities. The financial threshold for small businesses is consistent with City's B&O tax deferral program. FAS, City Light and SPU will work together to maintain a database of qualifying businesses.

Per the ordinance, the suspension of interest charges and late payment fees will remain in effect until either the termination of the civil emergency proclaimed by the Mayor, or August 1, 2020, whichever is earlier.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Yes. Both utilities pay City Taxes on revenues, and so this legislation will also proportionately reduce revenue for the City General Fund by an estimated \$96,000(SCL) + \$50,000 (SPU) = \$146,000.

Is there financial cost or other impacts of *not* implementing the legislation?

None that aren't described elsewhere in this fiscal note.

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

This table shows the anticipated reduction to revenue as a result of this legislation:

Fund Name and Number	Dept	Revenue Source	2020 Revenue	2021 Estimated Revenue
Light - 41000	SCL	Interest and Late Fees	-\$1,600,000	na
SPU – Water 43000	SPU	Interest and Late Fees	-\$130,000	na
SPU – Drainage & Wastewater 45000	SPU	Interest and Late Fees	-\$125,000	na
SPU – Solid Waste 45010	SPU	Interest and Late Fees	-\$167,000	na
TOTAL			-\$2,022,000	na

Is this change one-time or ongoing?

This change is temporary and will sunset either upon termination of the civil emergency proclaimed by the Mayor or on August 1, 2020, whichever is soonest.

Revenue/Reimbursement Notes:

In addition to the revenue reduction directly attributable to interest charges and late fees, this policy change in conjunction with suspending shut offs and offering payment deferrals will increase revenue risk for both utilities and the general fund through tax revenue. Both utilities will monitor to assess risk and fiscal impacts.

3.c. Positions

_____ This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Both utilities pay City Taxes on revenues, and this legislation will also proportionately reduce revenue for the City General Fund.

b. Is a public hearing required for this legislation?

No.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

e. Does this legislation affect a piece of property?

No.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

This legislation should have a positive impact on locally owned businesses and on disadvantaged communities. Language access provision can be developed to lower barriers to access for non-English speakers.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

NA

List attachments/exhibits below: None.