

Olivehurst Public Utility District



Agenda Item Staff Report

Meeting Date: March 17, 2022

Item description/summary:

LIHWAP Program: The new federal Low Income Household Water Assistance Program (LIHWAP) will provide financial assistance to low-income Californians to help manage their residential water utility costs. Established by Congress in December 2020, this federally funded program will help low-income households pay down their outstanding water bills. California has been allocated \$116 million in one-time funding to provide LIHWAP assistance.

The Department of Community Services and Development (CSD) has been designated the administering agency for LIHWAP in California. CSD, in consultation with stakeholders, is in the process of defining the scope of the LIHWAP program and service delivery through the development of a LIHWAP State Plan. The U.S. Department of Health and Human Services, Office of Community Services, has provided guidance that LIHWAP should be modeled on existing processes, procedures, policies, and systems in place to provide assistance, such as the CSD administered Low Income Home Energy Assistance Program (LIHEAP)..

Fiscal Analysis:

The CA LIHWAP program will pay a one-time credit of up to \$2,000 to eligible applicants. Page 2 shows the income eligibility. The program is administered by Horne, LLP, a contractor verifying eligibility and enrollment.

The administration of this program will use OPUD staff time. Horne LLP's direct payment agreement should be shared with OPUD's legal counsel.

Employee Feedback

Sample Motion:

Authorize/Do not authorize Financial Manager to complete interest form.

Prepared by: Karin Helvey – Financial Manager



Low Income Household Water Assistance Program



Get to Know LIHWAP

LIHWAP stands for the **Low Income Household Water Assistance Program**.

LIHWAP **drinking water and wastewater benefits** are scheduled to be available in **May 2022**.

[Sign up here to be notified via email when LIHWAP launches](#)

LIHWAP will offer a **one-time payment** to help you pay your **past due water or wastewater bills**.

LIHWAP will help pay **overdue bills** which accrued during **any timeframe** (i.e., there is no date restriction on the bill relief period).

To learn more about LIHWAP, visit the [LIHWAP program overview](#).

Am I Eligible?

Eligibility for LIHWAP services can vary depending on income, household size, place of residence, and other factors.

Your household may qualify if:

- Your total household gross income is at or below **60% of the State Median Income** (see table) or a household member is a current recipient of CalFresh or CalWORKs;
- You have a **past due amount** on your water or wastewater bill;
- You receive service from a **community water system or wastewater treatment provider** (private wells and septic excluded); and
- Your water or wastewater system opted into the program.

The LIHWAP program is scheduled to open in May 2022.

[Sign up here to be notified via email when LIHWAP launches](#)

2022 LIHWAP Income Eligibility

Persons In Household	Monthly Income
1	\$2,564.73
2	\$3,353.87
3	\$4,143.02
4	\$4,932.17
5	\$5,721.31
6	\$6,510.46
7	\$6,658.43
8	\$6,806.39
9	\$6,954.36
10	\$7,102.32



CALIFORNIA LIHWAP Interest Form

For more information about the program click here
<https://www.csd.ca.gov/waterbill>

Company Information

Name of Water/Wastewater System/Billing System (Company Name) *

Please enter your company name.

Water/Wastewater/Billing System (Company Type) *

Primary Point of Contact Information

Point of Contact - First Name *

Please enter the Company Point of Contact's First Name.

Point of Contact - Last Name *

Please enter the Company Point of Contact's Last Name.

Point of Contact - Position Title *

Please enter the Company Point of Contact's Position Title.

Point of Contact - Phone Number *

Please enter the Primary Point of Contact Direct Phone Number

Point of Contact - Email *

Please enter the email address where the Company Point of Contact can be reached regarding enrollment in the CA-LIHWAP Program.

Point of Contact - Email Confirmation *

Please re-enter the email address where the Company Point of Contact can be reached regarding enrollment in the CA-LIHWAP Program.

Third Party Billing Information

Are you a Water/Waste System using a third party billing company? *

If yes, please complete as much of the Billing Company information as possible.



DIRECT PAYMENT AGREEMENT

THIS DIRECT PAYMENT AGREEMENT (Agreement) is made and entered into effective as of the date signed below (the “Effective Date”), by and between **[Name]** (“the Water System”), **[Address]** and **HORNE LLP**, a Delaware limited liability partnership, having a place of business at 661 Sunnybrook Road, Suite 100, Ridgeland, MS 39157 (“HORNE”).

WHEREAS, the California Department of Community Services and Development (“CSD”) is authorized to administer the Low-Income Household Water Assistance Program (“LIHWAP” or “Program”) to provide financial assistance to help low-income Californians manage their residential water utility costs;

WHEREAS, CSD has contracted with HORNE to disburse direct payments to water systems to apply a LIHWAP credit to households identified as eligible for LIHWAP assistance by CSD or its Local Service Providers (LSPs);

WHEREAS, CSD has authorized HORNE to enter into this Agreement with Water System; and

WHEREAS, the Water System desires to enroll in LIHWAP and participate in the direct payment service established by the Direct Payment Program.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Water System agrees to receive direct payments from HORNE for the benefit of California residents who qualify for LIHWAP and agrees to abide by all terms and conditions below:

Direct Payment Program General Terms and Conditions

- 1.1 To participate in the Direct Payment Program, a Water System must be defined as a “Community Water System” or “Community Water System Billing Entity”, “Wastewater Treatment Provider” or “Wastewater Billing Entity” (collectively referred to as a “Water System” in this Agreement).
- 1.2 A “Community Water System” means a public water system with at least 15 service connections used by yearlong residents or regularly services at least 25 yearlong residents.
- 1.3 A “Community Water System Billing Entity” means a third-party entity that is the designated billing entity for a community water system.
- 1.4 A “Wastewater Treatment Provider” means a city, county, special district, or joint powers authority that provides wastewater collection, treatment, or disposal service through a publicly owned treatment works.
- 1.5 A “Wastewater Billing Entity” means a local government entity (city, county, or special district) that is the designated billing entity for a wastewater treatment provider.
- 1.6 The Water System enrolled in the Direct Payment Program must be the responsible entity for applying the LIHWAP credit to customer accounts.
- 1.7 Qualified low-income residential customers will be identified by CSD and its LSP partners. CSD will provide HORNE with a direct pay file that contains customer account information as well as the amount for the direct payment to the Water System for each customer. Commercial customers are not eligible for the program.
- 1.8 HORNE will provide the Water System a direct pay file that contains customer account information and the LIHWAP benefit amount for the purpose of crediting the accounts of qualified low-income residential customers of the Water System who have been identified as eligible for water assistance payments under LIHWAP by CSD or its LSPs.
- 1.9 HORNE will establish a secure method to provide the direct pay file and customer information to the Water System and a secure method to receive the Direct Payment Summary from the Water System as described in 2.11.
- 1.10 The Water System is encouraged to offer a payment plan or other forms of assistance to customers who have a remaining balance after the LIHWAP benefit is applied to support the

continuation of services or the restoration of services for accounts where services are terminated due to nonpayment.

Obligations of the Water System

- 2.1 Water System shall provide water and/or wastewater services to each eligible and approved residential household for which payment is provided under LIHWAP.
- 2.2 Water System shall charge LIHWAP residential households using the Water System's normal billing process, the difference between the actual amount due and the amount of the payment made by the LIHWAP payment.
- 2.3 Water System shall restore water services on a timely basis or remove disconnection status upon payment, if applicable, and shall confirm this action to HORNE by submission of the Direct Payment Summary report as specified in provision 2.11.
- 2.4 Water System shall charge all LIHWAP eligible residential households the same rates charged for home drinking water and/or wastewater services billed to other similarly situated residential households that are non-eligible, as determined by the approved rate setting process.
- 2.5 Water System shall not apply LIHWAP payments to account balances that have previously been written off or paid off with other customer assistance program funds. The Water System shall return issued LIHWAP payments to HORNE within 15 business days of receipt for accounts where the owed balance has been paid off with other customer assistance program funds or discharged (written off) in its entirety by the Water System along with the Direct Payment Summary specified in 2.11.
- 2.6 Water System shall apply the LIHWAP benefit to closed accounts to cover the pending balance and shall return any remaining amount of the LIHWAP payment to HORNE within 15 days of receipt along with the Direct Payment Reconciliation Summary specified in 2.11.
- 2.7 Water Systems shall adhere to existing credit return policies when returning funds to a customer that received a LIHWAP benefit, and the account is later closed and there is a remaining LIHWAP credit balance on the account.

- 2.8 Water systems that include other services on the customer's bill shall only apply LIHWAP payments towards the water, wastewater, and/or storm water amount owed including any applicable late fees, reconnection fees, taxes, and other charges.
- 2.9 Water System shall not discriminate against a LIHWAP eligible household with respect to terms, deferred payment plans, credit, conditions of sale, or discounts offered to other customers.
- 2.10 Water System shall post all payments to customer accounts within 5 business days from receipt of payment.
- 2.11 Water System shall submit to HORNE a Direct Payment Summary (in a format provided by HORNE) that reconciles the associated direct pay file and return payments that could not be credited to customer accounts within 15 business days of receipt of payment. The Direct Payment Summary must contain information on the date the credit was posted, direct pay file date; the total number of customer accounts that the Water System was successful in fully crediting; and the total number of customer accounts that the Water System was not successful in crediting. For those customer accounts that were not credited, the Water System shall reflect in the Direct Payment Summary the customer accounts that were not credited to include customer account information (customer name, account number, account address, benefit amount), and reason why the LIHWAP benefit was unable to be applied to the customer's account. The Water System shall use customer and account information contained in the direct pay file to complete the reporting and identification of customer accounts that were not credited.
- 2.12 Water System shall clearly enter, on the LIHWAP recipient's bill, the amount of LIHWAP payment(s) received and identify the payment was received from LIHWAP. The credit should appear on the first billing statement after the credit has been posted. If posting on the LIHWAP recipient's bill is not feasible, the Water System shall send customers a notification of the LIHWAP payment via phone call, letter, text, or email communication as soon as practicable.
- 2.13 Water System shall cooperate with any Federal or State investigation, audit, or program review related to the administration of LIHWAP to ensure funds are accurately applied to customer accounts in compliance with this Agreement, including allowing CSD and its designated representatives access to all books and records related to the receipt and posting of LIHWAP benefits under review.

- 2.14 Water System is informed that failure to cooperate with any Federal or State investigation, audit, or program review may result in the immediate suspension or disqualification from participation in LIHWAP.
- 2.15 Water System shall take corrective action in the time frame specified by the CSD if violations of this Agreement are discovered. Corrective action may include, but is not limited to, providing detailed documentation of changes made and detailed plans for future changes that will bring the Water System into compliance.
- 2.16 Water System is informed that failure to implement corrective actions may result in the immediate suspension or disqualification from participation in LIHWAP.
- 2.17 Water System shall comply with all federal and California privacy laws, and shall take all necessary steps to protect the confidentiality of the information provided by HORNE to the Water System. Water System agrees to provide required security to ensure the confidential, physical security and safekeeping of all data, information files, and documents (“customer information”) pertaining to the recipients of LIHWAP utility assistance payments, while such customer information is in its possession. Water System will, in accordance with applicable law and the terms of this Agreement, protect from unauthorized use and disclosure all sensitive data, documentation, or other customer information provided to Water System by HORNE, CSD, or CSD’s LSPs for purposes of this Agreement.

Term

- 3.1 The term of this Agreement shall be the effective date of this contract through October 31, 2023.

Project Coordinator

- 4.1 The Project Coordinator is designated to manage all HORNE inquiries regarding direct payments, issues with the direct payment process, mishandled or incorrect payments, clarification and updates of reports, and fraud and abuse. The Project Coordinator during the term of this Agreement is listed below. The Water System may designate a different Project Coordinator by notifying HORNE in writing.

Water System’s Project Coordinator

Name and Title: _____

Company Name: _____

Address: _____

City, State, and ZIP Code: _____

Email: _____

Phone: (_____) _____ - _____

Additional Provisions

- 5.1 Amendment. All amendments to this Agreement shall be in writing, signed by HORNE and Water System.
- 5.2 Assignment. Neither this Agreement nor any of the rights, interests, or obligations under this Agreement shall be assigned by any party without the prior written consent of the other parties.
- 5.3 Merger/Entire Agreement. This Agreement (including the attachments, documents and instruments referred to in this Agreement) constitutes the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior understandings and agreements, whether written or oral, among the parties with respect to such subject matter.
- 5.4 Nonwaiver. The waiver by either party of any breach of any term, covenant, or condition contained in this Agreement, or any default in the performance of any obligations under this Agreement, shall not be deemed to be a waiver of any other breach or default of the same or any other term, covenant, condition, or obligation; nor shall any waiver of any incident of breach or default constitute a continuing waiver of the same. All waivers shall be in writing.
- 5.5 Severability. If any provision of this Agreement is found invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this Agreement will not be in any way impaired and shall remain in full force and effect.

5.6 Venue. In the event that suit shall be brought by either party to this Agreement, the parties agree that venue shall be exclusively vested in the State Courts of the County of Sacramento, or where otherwise appropriate, exclusively in the United States District Court for the Eastern District of California in Sacramento, California.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement, or caused it to be signed by their duly authorized representatives “below”.

HORNE LLP

By: _____

Name: __Loden Snell_____

Title: __Deputy Project Manager_____

Date: _____

Water System: [_____]

By: _____

Name: _____

Title: _____

Date: _____

DRAFT
PROGRAM GUIDELINES
Low Income Household Water Assistance
Program (LIHWAP)

February 16, 2022



**CALIFORNIA DEPARTMENT OF
COMMUNITY SERVICES AND DEVELOPMENT**

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I. INTRODUCTION

The California Department of Community Services and Development (CSD) developed the following Program Guidelines for the federal Low Income Household Water Assistance Program (LIHWAP) Fiscal Year (FY) 2022-24, offering a program design framework for a one-time federally funded relief program providing financial assistance to low-income households to reduce water and wastewater arrearages prior to and during the COVID-19 pandemic.

On December 27, 2020, the Consolidated Appropriations Act was signed into law and appropriated \$638 million to LIHWAP. Additionally, on March 11, 2021, the American Rescue Plan Act appropriated \$500 million to LIHWAP. LIHWAP is administered at the federal level by the U.S. Department of Health and Human Services (HHS). CSD was named by Governor Gavin Newsom as the designated agency to administer LIHWAP for the State of California. HHS approved [California’s LIHWAP State Plan](#) on November 8, 2021.

CSD has been serving low-income communities for more than 50 years. A state department under the California Health and Human Services Agency, CSD has traditionally partnered with a network of non-profit and local government organizations (commonly referred to as Local Service Providers [LSPs]) dedicated to reducing poverty by helping low-income individuals and families achieve and maintain economic security, meet their home energy needs, and reduce their utility costs through energy efficiency upgrades and access to clean renewable energy.

In addition to LIHWAP, CSD administers the following federal programs intended to reduce poverty and improve the lives of low-income Californians:

- U.S. Department of Health & Human Services Community Services Block Grant (CSBG)
- U.S. Department of Health & Human Services Low-Income Home Energy Assistance Program (LIHEAP)
- U.S. Department of Energy Weatherization Assistance Program (DOE WAP)

Consistent with federal guidance provided by HHS, LIHWAP Program Guidelines are modeled on existing LIHEAP procedures, systems, and practices. These guidelines also reflect stakeholder input received during the LIHWAP State Plan meeting and Program Guideline development process. LIHWAP Program Guidelines are prepared in accordance with [LIHWAP Grant General Terms and Conditions](#), [Program-Specific Terms and Conditions](#) and [Policy Guidance](#) established by HHS.

The Program Guidelines serve as a companion document to the [LIHWAP State Plan](#). As any changes are made to the Program Guidelines based on stakeholder feedback or to address unforeseen developments identified during the course of program administration, CSD will work to ensure that both the State Plan and Program Guidelines are updated and consistent with each other. All program subgrantees must adhere to Program Guidelines as established and as amended throughout the life of the program.

STATE PROGRAM NEED

California is the nation's most populous state, with nearly 40 million residents. Close to one-third of the population lives in households with incomes below \$50,000 a year, or approximately 200 percent of the federal poverty level for a family of four. The state has roughly 2,900 community water systems that serve 98 percent of the population; over 2,400 of these systems have fewer than 3,000 service connections and serve communities with fewer than 15,000 residents. The other two percent of the population is served by small systems with fewer than 15 service connections or private wells. In addition to community water systems, there are over 125 major wastewater treatment providers in California, as well as numerous smaller wastewater treatment providers.

The cost of drinking water and wastewater treatment can vary widely across the state, and variance in rates is mainly attributable to factors such as quality of water sources, treatment needs, economies of scale, historical system maintenance, and capital investment. In both urban and rural communities, financially challenged households struggle to pay water and wastewater bills. Data collected in 2019 by the State Water Resources Control Board (SWRCB) show that at least 500,000 Californians experienced water shutoffs due to nonpayment and hundreds of water providers charge rates that could be classified as unaffordable for low-income households.

Californians similarly face challenges with arrearages accumulated for wastewater services. Feedback from wastewater providers indicates substantial COVID-related arrearage debt for wastewater. While exact numbers are not available, it is estimated COVID-related wastewater arrearages across the state may total several hundred million dollars. This is

consistent with what other utilities have reported about a significant increase in customers being financially impacted during the pandemic, resulting in higher than usual customer debt for that period. California's high cost of living, especially in urban areas, means financially challenged households are often forced to choose between paying for different basic living expenses, including housing, food, healthcare, and utilities. As these particular households navigate the economic impacts of the pandemic, support is needed to help families at risk of losing access to essential residential water and wastewater services.

To address the overwhelming need for financial assistance, the 2021-22 State Budget appropriated \$1 billion in federal American Rescue Plan Act funding to establish the California Water and Wastewater Arrearage Payment Program (CWWAPP), providing relief to community water and wastewater systems for unpaid bills related to the pandemic that accrued during the pandemic relief period from March 4, 2020 to June 15, 2021. The SWRCB is the designated state administrator of CWWAPP.

In a survey conducted in 2021, the SWRCB identified a total of \$276,583,036 in residential drinking water arrearages accrued and \$42,817,626 in commercial arrearages during the COVID-19 pandemic bill relief period as reported by 2,293 community water systems participating in the survey ([SWRCB 2021 Drinking Water Arrearage Survey Results](#)). To facilitate the issuance of CWWAPP to community water systems, SWRCB received applications for funding from 665 community water systems and disbursed approximately \$301 million in CWWAPP funds to community water systems, which is expected to fully address the drinking water arrearage debt for their customers accrued during the pandemic relief period. While this level of assistance is substantial, the assistance itself is not specifically targeted to low-income households and does not address the water debt many customers continue to accrue beyond June 15, 2021, or after the pandemic relief period. Also, while water systems accounting for about 80 percent of the state's population participated in the CWWAPP, some systems did not, and customers with arrearages in those systems did not receive relief assistance.

The SWRCB is currently implementing the second phase of CWWAPP to provide wastewater arrearage debt relief to customers of participating wastewater treatment providers that apply for funding. The SWRCB did not conduct a survey to estimate accrued residential wastewater arrearages during the COVID-19 pandemic bill relief period. However, as stated earlier, COVID-related wastewater arrearages across the state are estimated to be several hundred million dollars.

The federal funding provided under LIHWAP will serve as complimentary program resource to CWWAPP by offering another form of potential assistance to low-income households continuing to experience difficulty making payments for residential water and wastewater services.

II. PROGRAM DESCRIPTION AND OVERVIEW

A. OVERVIEW

LIHWAP is a one-time, federally funded relief program that provides financial assistance to low-income households who have struggled to make water and/or wastewater payments prior to, and during the COVID-19 pandemic. Key federal requirements and principles informing the program design framework for LIHWAP include:

- LIHWAP funds shall be used as part of an overall **emergency effort** to prevent, prepare for, and respond to the coronavirus, with the public health focus of ensuring that **low-income households** have access to safe and clean **drinking water and wastewater services**.
- LIHWAP funds shall be used to reduce **arrearages and/or rates** charged to low-income households. HHS prioritizes the use of funds to first address arrearages, with addressing rates (defined as paying current bills) as the last priority.
- LIHWAP benefits shall be paid directly to **owners and operators of public water systems**.
- LIHWAP is to be modeled after existing processes, procedures, and policies currently in place to provide assistance to low-income households such as LIHEAP, where practical.

In accordance with [California Government Code Section 12087.2](#), the State of California has prioritized LIHWAP services that reduce arrearages and establishes regular reporting to the Legislature to inform of program implementation and progress with LIHWAP service delivery and grant expenditure.

Consistent with federal and state directives for prioritizing the use of LIHWAP funds to water and wastewater arrearages, CSD has modeled the LIHWAP program as an arrearage response program. LIHWAP assistance payments will be used to pay water and/or wastewater arrearages on a first-come, first-served basis to eligible households.

Assistance may be applied to either water debt or wastewater debt (or both when a customer's bill bundles both services and the assistance amount needed to restore or prevent disconnection includes both services) to ensure households maintain access to clean, safe drinking water and wastewater services.

The appropriations language contained in the Consolidated Appropriations Act of 2021 instructs HHS and state grantees to "to the extent practicable, use existing processes, procedures, policies, and systems in place to provide assistance to low-income households." Based on this guidance from HHS, CSD has closely modeled LIHWAP administration and program requirements on the LIHEAP program in order to realize administrative efficiencies and accelerate the rollout of LIHWAP local grant administration at both the state and local level.

To meet the federal requirement that benefits must be paid directly to owners and operators of public systems (defined as community water systems, wastewater treatment providers, or wastewater billing entities in California), California's implementation of LIHWAP requires that

benefits are issued to eligible households whose community water system, wastewater treatment provider, or wastewater billing entity (hereinafter referred to as water systems) are enrolled in the program to receive LIHWAP assistance benefits (payments) directly from CSD via its third-party funds disbursement partner (HORNE LLP).

CSD defines eligible water systems consistent with the SWRCB definition for community water systems and wastewater treatment or wastewater entity as follows:

Community Water System means public water systems with at least 15 service connections used by yearlong residents or regularly services at least 25 yearlong residents.

Community Water System Billing Entity means a third-party billing entity that is the designated billing entity for a community water system.

Wastewater Treatment Provider means a city, county, special district, or joint powers authority that provides wastewater collection, treatment, or disposal service through publicly owned treatment works.

Wastewater Billing Entity means a local government entity (city, county, or special district) that is the designated billing entity for a wastewater treatment provider.

HHS does not allow for services to be provided to households with private wells or septic tanks.

B. IMPLEMENTATION

CSD is implementing LIHWAP in two phases:

Phase I: CSD will enter into contracts in March 2022 with its LSPs who currently administer LIHEAP to enable the LSPs to access support funding to establish operations and prepare to process applications. Through its third-party funds disbursement partner, HORNE LLP, CSD will commence outreach to and enrollment of water systems into the direct payment program in preparation for issuing benefits to eligible low-income households.

Phase II: LSPs will begin accepting applications from eligible households by May 2022 or no later than June 2022. The program will operate through August 31, 2023.

Updates, resources, and other program information may be found throughout the program period at <https://www.csd.ca.gov/Pages/LIHWAP.aspx>.

Additionally, individuals interested in learning about how LIHWAP may help them pay their bills and when they can apply can find information at <https://csd.ca.gov/waterbill>.

C. PROGRAM GOALS

GOAL 1: RELIEF TO LOW-INCOME HOUSEHOLDS

LIHWAP funds will be used as part of an overall emergency effort to prevent, prepare for, and respond to the coronavirus, with the public health focus of ensuring that low-income households have access to safe and clean drinking water and wastewater services throughout California.

LIHWAP is a unique response to economic impacts that will work in conjunction with other COVID-19 economic relief programs such as the Emergency Rental Assistance Program and CWWAPP. LIHWAP funds will be used to supplement the other economic relief programs and support households with remaining water and wastewater debt.

GOAL 2: ARREARAGE RESPONSE PROGRAM

LIHWAP will be administered as a water and wastewater arrearage response program where the level of benefit reduces arrearages, restores services where possible, avoids service disconnections, and/or prevents other adverse effects on the customer such as debt collection or placement of liens. An arrearage is defined as a past due amount owed by a customer for services provided by a water system.

CSD will consider modification to the program guidelines to pay customers' current bills if the need for arrearage assistance declines. CSD will make this determination six months after Phase II implementation.

III. LIHWAP LOCAL ADMINISTRATOR DESIGNATION

In order to leverage use of existing LIHEAP processes, procedures, policies, and systems, CSD will contract with LSPs that maintain responsibility for LIHEAP administration at the local level to administer the LIHWAP program. LSPs are designated to administer LIHEAP pursuant to California Government Code Section 16367.5 and represent a total of 41 non-profit and local government organizations. LSPs have strong ties to their local communities and have many years of experience providing LIHEAP and other public assistance programs to low-income customers in their respective service territories.

If an LSP is unable to administer LIHWAP, an alternative organization will be selected to cover the LSP's service territory. The alternative local administrator will be selected in accordance with California Code of Regulations, Title 22, Section 100820 (Designation of a New or Alternate Contractor).

The network of agencies CSD contracts with to provide LIHWAP administration at the local level is henceforth referred to as the LIHWAP Local Service Provider (LSP) Network.

IV. ALLOCATION

This section identifies the percentage of the LIHWAP grant awards that will be dedicated to household benefits, administration, and support costs necessary to facilitate low-income household enrollment in LIHWAP.

Additionally, this section identifies the LIHWAP allocation methodology used to identify the portion of funding for each LSP service territory. LSP service territory is defined by county except in Los Angeles and San Diego where the service territory is defined by zip codes on the basis that there are multiple LSPs providing services in these counties. A directory of LSPs by city and county can be found at <https://csd.ca.gov/Pages/FindServicesInYourArea.aspx>.

A. ALLOCATION OF FUNDS

The following represents the allocation percentages established for LIHWAP funds:

Household Benefits	75%
Outreach/ Eligibility Determination	10%
Administration	15%

Household benefits - CSD has set the allocation percentage for Household Benefits at 75 percent, which dedicates a significant portion of LIHWAP grant funding for assistance payments to low-income households.

Outreach/Eligibility Determination - CSD has set the outreach/eligibility determination percentage at 10 percent which will be allocated to the LSPs. CSD anticipates the need for grant investments in outreach to promote greater public awareness to the availability of LIHWAP assistance and establishment of new intake systems and processes capable of handling strong public demand for assistance.

Administration - HHS limits administrative costs to no more than 15 percent. CSD has determined the need to set the administration percentage at a total of 15 percent, with CSD receiving approximately 7.3 percent and the LSPs receiving approximately 7.7 percent for program administration. LIHWAP implementation will require the establishment of new administrative systems and processes to manage benefit issuance to thousands of water systems in California. In addition, CSD anticipates dedicating a significant portion of its share of administrative funding to establish and implement a direct payment system in partnership with a third-party disbursement partner, expanding data collection systems to align with LIHWAP federal reporting requirements, and other processes to ensure successful grant implementation.

B. ALLOCATION METHODOLOGY

The LIHWAP funding allocation to LSPs is determined by a two-factor formula:

Factors

1. **Low-Income County Population** = The population in California at or below 150 percent of Federal Poverty Level (FPL) living in each county.
2. **County Cost Factor** = The average amount paid per household for Six Hundred Cubic Feet (HCF) of water per month by county. The county used in the data is the primary county identified by the water system in their annual reporting to the SWRCB.

Narrative

This methodology identifies counties as the primary county served by each water system identified in their annual reporting to the SWRCB. The average amount paid per household is calculated by totaling the amount paid by users of each water system in a county and dividing it by the total number of connections in the county.

Example of Average Water cost Calculation for Alpine County

Water System Name	Service Connections	Monthly 6 HCF Drinking Water cost	Total Amount spent in County
MARKLEEVILLE WATER CO.	167	\$80	\$13,360
LAKE ALPINE WATER COMPANY	488	\$160	\$78,163
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT	863	\$90	\$77,825
Total Service Connections	1518	Total Spent on Water	\$169,348
		Total Service Connections	1518
		Average Household water cost	\$111.56

The average household water cost amount is then used as the **[County Cost Factor]** and multiplied by the **[Low-income County Population]** for each county. A percent-to-total is found for each county and the resulting percentage is used to calculate the allocation for the county.

Based on the LSP serving each county, the total funding for those counties is tallied and allocated. In the instances where there is more than one LSP serving a county, the LIHWAP

county allocation is subdivided based on the total population living at or below 150 percent FPL for each zip code served by those LSPs.

The statewide allocation by county will be made available to the public once finalized.

V. SERVICE DELIVERY MODEL

The benefit service delivery model will occur through coordination between CSD, the LSP network, water systems, and CSD’s third-party funds disbursement partner, HORNE LLP.

CSD is responsible for overall administration and oversight of the LIHWAP program to ensure compliance with federal requirements and effective administration of the program. CSD and HORNE LLP are jointly responsible for outreach to all water systems to promote awareness of the LIHWAP program and enrollment in the direct payment program, completing the enrollment of eligible water systems in the direct pay program, and managing the issuance of financial assistance payment to water systems.

LSPs are responsible for local administration of the LIHWAP program, conducting outreach and promoting program awareness to low-income households, conducting eligibility determination, and responding to and resolving customer complaints. Low-income households may apply for services directly through the LSP in their service area.

Water Systems enrolled in the direct payment program will be responsible for accepting the LIHWAP payment on behalf of the household, confirming benefits have been credited to customer accounts, confirming that services have been restored or disconnection prevented, assisting with promoting the program to their customers, and notifying the customer the LIHWAP benefit has been applied to their account.

VI. HOUSEHOLD ELIGIBILITY

LSPs are responsible for determining household eligibility in accordance with CSD’s eligibility and verification requirements established for LIHEAP. LIHWAP’s specific eligibility requirements include:

Applicant	<ul style="list-style-type: none">• An applicant must have debt owed to a water system from nonpayment (past due balance) of residential accounts that accrued during any time period; OR<ul style="list-style-type: none">○ An applicant with water or wastewater utilities included in rent must be past due on their rent.• Given that LIHWAP benefits must be paid directly to water systems, the applicant’s servicing water or wastewater provider must be enrolled to receive direct payment of LIHWAP assistance in order for the applicant to complete successful enrollment in LIHWAP and receive financial assistance.• Applicants who are current on their water or wastewater bill are ineligible for benefits under the program.
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Income	<ul style="list-style-type: none"> ▪ Total household income must be at or below 60 percent State Median Income (SMI); OR ▪ A member of the household must be a current recipient of one of the following federal programs: <ul style="list-style-type: none"> ○ LIHEAP ○ CalFresh ○ CalWORKs
Documentation	<ul style="list-style-type: none"> ▪ Proof of income from all household members OR <ul style="list-style-type: none"> ○ Proof of participation in CalFresh or CalWORKs, or received LIHEAP assistance in the past 120 days. ▪ Proof of Identification from applicant by providing a copy of government-issued identification. ▪ Copy of water or wastewater bill indicating past due balance or property tax bill if water or wastewater arrearages can be identified. ▪ A household with water or wastewater utilities included in rent must be past due on their rent. The following documentation is required: <ul style="list-style-type: none"> ○ Copy of signed landlord agreement confirming the landlord-tenant relationship and that water and/or wastewater utilities are included in rent, the number of months the tenant is past due, and the amount of water and/or wastewater utilities past due. ○ Copy of water and/or wastewater utility bill for services provided to the rental property occupied by the renter applicant.

VII. BENEFIT PAYMENT & ISSUANCE

CSD via HORNE LLP is responsible for the issuance of LIHWAP financial assistance payments to ALL water and wastewater systems enrolled in the direct pay program. LSPs have the ability to refer water or wastewater systems to HORNE LLP for enrollment.

A benefit payment may be applied to a customer’s account in accordance with the following:

- **One-time benefit:** a household may receive one benefit payment for water OR wastewater or both if the bill includes both services during the program period (May 2022 through August 31, 2023).
- **Maximum Benefit:** \$2,000.
- **Coverage:** payment can cover the water OR wastewater arrearage amount, to include current charges, late fees, reconnection fees, taxes, and other charges.
- **Bundled Bills:** if a water or wastewater system cannot distinguish water or wastewater costs from other bundled service charges (such as garbage, electricity, etc.) the benefit payment may only cover current charges, late fees, reconnection fees, taxes, and other charges associated with water and/or wastewater portions of the bill.

- **Payment Agreement:** the water or wastewater system must have a payment agreement with the third-party funds disbursement partner, HORNE LLP, to receive payments.

VIII. COORDINATION

CSD worked in consultation with the SWRCB, California Public Utilities Commission (CPUC), LSPs, and water and wastewater provider trade associations to develop the program guidelines, identify need for LIHWAP assistance throughout the state, and inform the framework for state and local administration.

CSD is also working in close coordination with the SWRCB and the California Department of Housing and Community Development (HCD) to ensure LIHWAP serves customers whose needs are unmet by the California Water and Wastewater Arrearage Payment Program (CWWAPP) and Emergency Rental Assistance Program (ERAP) such as:

- Customers with arrears that accrued outside of the COVID-19 pandemic bill relief period (March 4, 2020 through June 15, 2021).
- Customers with utilities included in rent.
- Customers served by water or wastewater providers that did not participate in CWWAPP but opt to participate in LIHWAP.

CSD is conducting bi-weekly meetings with the SWRCB, CPUC and HCD. The meetings provide routine information sharing on the status of CWWAPP, LIHWAP, and ERAP, including data sharing to promote greater understanding of water arrearage debt in California, and outreach opportunities to inform low-income customers of the LIHWAP program.

IX. STATE AND FEDERAL REPORTING REQUIREMENTS

Reporting and recordkeeping requirements will be the responsibility of CSD, LSPs, water and wastewater systems, and CSD's third-party funds disbursement partner, HORNE LLP. All reports must be consistent with the requirements established by CSD in these Program Guidelines.

CSD REPORTING TO HHS

The federal LIHWAP Grant Terms and Conditions state the grantee must report on:

- The amount, cost, and type of water assistance provided to households eligible for assistance under this award;
- The type of water assistance used by various income groups;
- The number and income levels of households assisted by this award;
- The number of households that received such assistance and include one or more individuals who are 60 years or older, include a household member with a disability, or include young children (ages five and younger);
- Demographics for applicant and all household members (race, ethnicity, gender);

- The number of households on the waitlist due to the limited funds of the program;
- The impact of each grantee’s LIHWAP program on recipients and eligible households (e.g., amount of assistance to each household, and whether assistance restored water service or prevented shutoff); and
- Administrative information including the number of agreements with water systems, recommendations, accomplishments, unmet needs and lessons learned.

CSD REPORTING TO THE LEGISLATURE

Upon the execution of contracts for LIHWAP funding with LSPS, CSD shall report to the Legislature and shall post to the department’s website the following information by local service provider area:

- Total allocation.
- Allocation by service category.

Beginning six months after the execution of contracts for LIHWAP funding with LSPs, and every six months thereafter until funding is exhausted, CSD shall provide a report to the Legislature that includes the following information by LSP area:

- Total allocation.
- Allocation by service category.
- Total expenditures.
- Expenditures by service category.
- Households served.
- Households served by service category.

LSP REPORTING TO CSD

To comply with federal reporting, LSPs must submit household information through CSD’s automated system on the number of households served, household demographics, amount of benefit, account status if services are disconnected or account is past due, and program implementation successes and challenges.

WATER SYSTEM REPORTING TO THIRD-PARTY FUNDS DISBURSEMENT PARTNER (HORNE LLP)

To comply with federal reporting, water systems must submit the following information to CSD via HORNE LLP:

- Amount of assistance credited to each account.
- Whether assistance restored water services or prevented disconnection, if applicable.

X. MONITORING AND QUALITY ASSURANCE

Auditing: For project auditing and evaluation, CSD shall have the right to audit any associated records at any or all reasonable times as part of program oversight.

Monitoring: CSD has field monitoring staff responsible for conducting on-site reviews of LIHWAP subgrantees. During monitoring visits, CSD Field Monitors verify adherence to contractual obligations. For more information, see the LIHWAP Monitoring Scope and Overview in the LIHWAP State Plan.

Organizations that fail to adhere to contractual obligations may be in jeopardy of losing future funding or may be subject to the disallowance of expenditures.