



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Information

- **Board of Directors**

Finance, Affordability, Asset Management, and Efficiency

9/9/2025 Board Meeting

9-3

Subject

Review Proposed Emergency Event Member Agency Payment Deferment Program, Amendment to the Administrative Code to implement the Program, and Delegation of authority to the General Manager to administer the Program

Executive Summary

Staff will propose an Emergency Event Member Agency Payment Deferment Program to the Board, which will require amending the Metropolitan Administrative Code to implement the Program. The Program will assist qualifying member agencies while they experience difficult financial times caused by an emergency event, by allowing for payment deferment of up to 12 months, subject to the approval of the General Manager. The Program will be available to all member agencies that receive approval from the General Manager and will apply to invoices for all fixed charge components for capacity and readiness-to-serve (RTS) charges. The General Manager will have the authority to defer up to \$250,000 for each affected member agency per event.

Fiscal Impact

Member agency participation in this program will shift some revenue collection from one period to another, which may cross fiscal years.

The total impact, including any foregone interest income, will vary based on the scope of the emergency event and the level of participation from member agencies.

- The maximum annual deferral per member agency is \$250,000 per event.
- If all 26 member agencies sought relief for the same event, the total maximum revenue deferred into a future year would be approximately \$6.0 million.
- The interest earnings foregone on the maximum deferred revenue would be approximately \$240,000 annually.

Applicable Policy

Metropolitan Water District Administrative Code Section 4501: Obligation to Pay for Water Delivered

Metropolitan Water District Administrative Code Section 4507: Billing and Payment for Water Deliveries.

Metropolitan Water District Administrative Code Section 4508: Additional Payment and Reporting in the Event of Delinquency in Payment for Water

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

Proposed future board action:

- October 2025 – Approve Emergency Event Member Agency Payment Deferment Program, amend the Administrative Code to add section 4520 to implement the Program, and delegate authority to the General Manager to administer the Program.

Details and Background

Background

Metropolitan first established a payment deferment Program during the COVID-19 pandemic. In December 2020, the Board adopted the COVID-19 Member Agency Payment Deferment Program and amended the Administrative Code to add Section 4520, which was repealed on November 14, 2023. The program allowed payment deferment for member agencies that met the Board-set criteria and were approved by the General Manager of Metropolitan. The COVID-19 pandemic created financial uncertainties that were similar to the financial uncertainties resulting from recent emergency events. As a result of the recent California wildfires, some member agencies and their customers have been experiencing financial difficulties, resulting in potential payment delinquencies to those member agencies. Properties were destroyed during the recent fires, resulting in retail customers not using or paying for water, and therefore, our member agencies also not receiving water payments from their customers in those areas. To assist our member agencies during difficult financial occurrences caused by emergency events like the recent wildfires, as defined in this section below, staff proposes to amend the Metropolitan Administrative Code to create the Emergency Event Member Agency Payment Deferment Program.

Proposed Emergency Event Member Agency Payment Deferment Program

Staff proposes that Metropolitan provide up to a 12-month deferral of a portion of the member agencies' Metropolitan bills up to the fixed charge components for capacity and readiness-to-serve (RTS) charges, per the approval of the General Manager. Under the Program, late fees, penalties, and interest will be waived on the deferred amount, and member agencies will have an option to establish a payment plan for the total deferred amount for up to 18 months thereafter. Late fees, penalties, and interest will only apply to deferred payment obligations not made. The General Manager will have the authority to defer up to \$250,000 for each affected member agency per event.

Implementation of this Program will require the addition of the following section to the Metropolitan Administrative Code:

§ 4520 Emergency Event Member Agency Payment Deferment Program

- (a) Emergency Event: For the purposes of this section, an “emergency event” shall be defined as a natural or manmade disaster or a catastrophic incident that creates an extreme disruption to the operations of a member agency, causing physical harm and damage to persons or property.
- (b) The Treasurer of the District shall defer payment obligations of any amount due to Metropolitan on invoices for capacity and readiness-to-serve (RTS) charges subject to Section 4501 as approved by the General Manager. Payment obligations and additional charges under Sections 4507 and 4508 shall not apply to any payment obligation deferred pursuant to this Section.
- (c) In determining to grant a deferment under this section, the General Manager may consider the following factors in addition to others not listed below:
 - i. The member agency has experienced an increased rate of delinquency in the payments from its customers to that agency, as a result of an Emergency Event;

- ii. The member agency has suspended or deferred payment obligations of its customers to that agency, whether the obligations suspended or deferred consist of the total amount due or a partial amount due;
 - iii. The member agency does not have sufficient financial reserves that can be used to buffer the financial impacts of the increased delinquencies, suspensions, or deferments in (i) and (ii);
 - iv. The member agency has not received federal, state, or other financial assistance to absorb the financial impacts described in (i) and (ii); and
 - v. The member agency has submitted an official request and supporting documentation to the General Manager outlining its need to participate in the Program.
- (d) The following terms shall apply to amounts deferred pursuant to the approval of the General Manager under this Section:
- i. The Treasurer of the District shall defer the payment obligations for the capacity and readiness-to-serve (RTS) charges of a member agency for up to 12 months, but not to exceed **\$250,000** per member agency, per event.
 - ii. The member agency shall begin payment of all deferred amounts under this Section no later than 12 months following the approval of the deferral application by the General Manager. The General Manager may approve for repayment to be made in one payment or through an established structured payment plan over a period of up to 18 months following the end of the deferment period; and
 - iii. Payment obligations approved under (ii) will be subject to additional charges, as set forth in Section 4508, if not paid when due.
- (e) This Section applies to payment obligations for water service governed by Sections 4501, 4507, and 4508 and does not apply to payment obligations arising out of separate contractual arrangements.

Potential Financial Impacts on Metropolitan

If the program is approved, any member agency participation will shift some revenue collection from one period to another, which may cross fiscal years.

The total impact, including any foregone interest income, will vary based on the scope of the emergency event and the level of participation from member agencies.

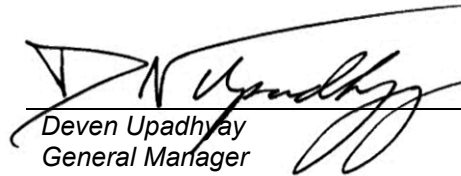
- The maximum annual deferral per member agency is \$250,000 per event.
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Katano Kasaine
Assistant General Manager/
Chief Financial Officer

9/2/2025

Date



Deven Upadhyay
General Manager

9/2/2025

Date