

SUBSTITUTE NO. 2 TO ORD. 25-017

AN ORDINANCE TO AMEND CHAPTER 45 TO EXEMPT ELDERLY AND DISABLED RESIDENTS AND RESIDENCES WITH CHILDREN UNDER THE AGE OF FIVE FROM WATER SERVICE DISCONNECTION FOR NONPAYMENT OF UTILITY CHARGES

**Rev. 1
#0037**

WHEREAS, every resident of the City of Wilmington, regardless of where they live, race, or class, should have access to clean and safe water; and

Sponsor:

WHEREAS, no one should fear that their water will be shut off at any time, but especially during a time when hand-washing and practicing proper hygiene is critical to prevent the spread of a deadly illness; and

**Council
Member
Darby**

**Co-
Sponsor:**

WHEREAS, the City is recovering from the COVID-19 pandemic; and

**Council
Member(s)
Willauer**

WHEREAS, fixed, low-, and moderate-income families continue to face financial challenges; and

WHEREAS, pursuant to Ord. 23-019, City Council established a Water Utility Assistance Program; and

WHEREAS, regardless, the City should not wield the power to turn off water to its most vulnerable populations; and

WHEREAS, City Council deems it necessary to protect the City's most vulnerable populations from water shutoffs.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF WILMINGTON
HEREBY ORDAINS:**

SECTION 1. Chapter 45 of the Wilmington City Code is hereby amended by creating a new Section 45-8 with the addition of the underlined language to read as follows:

Sec. 45-7. – Elderly, Disabled, and Homes with Occupant(s) under the Age of Five Exempt from Shutoffs for non-payment of utility charges.

(a) Eligibility for Shut off Exemption. The following populations with a household income equal to or less than 350% of the annual Federal Poverty Level for family size shall be exempt from the utility shutoff provisions set forth in sections 45-33, 45-86(a)(7), 45-171, 45-172 of this Chapter.

- i) Households with one or more residents over the age of 65;
- ii) Households with one or more residents who receive or are entitled to receive social security disability benefits, disability benefits received from the United States Railroad Retirement Board, or who receive veterans' Service-Connected Disability Compensation; and
- iii) Households with children under the age of five (5).

(b) Application; affidavit. Application for such exemption must be made by the customer on forms to be furnished by the city's department of finance. The customer shall furnish the information to be executed in the manner required on such forms, and such forms and information shall be filed with the city's department of finance.

- i) If the department of finance grants an exemption to a customer, the exemption will remain in effect with the need to reapply until the customer becomes deceased, no longer meets the conditions of eligibility, or fails to reasonably respond to requests from the department for documentation under this section.
- ii) Making a false written statement on any such application shall constitute the misdemeanor of making a false written statement and the application form shall bear such warning.

(c) Rules and regulations. The city's finance director may promulgate such rules and regulations and prescribe such forms as they shall deem necessary to implement this section.

(d) Notice of availability. The city's finance director shall cause notice of this exemption to be distributed to all customers by publishing eligibility information on the City's website, in monthly billing statements, and including

information in customer service scripts used by call center employees.

SECTION 2. Chapter 45 of the City Code is hereby amended by renumbering certain reserved sections thereof by deleting the stricken language and adding the underlined language to read as follows:

Secs. ~~45-78~~ – 45-30. – Reserved.

SECTION 3. This Ordinance shall be effective upon its passage by City Council and approval by the Mayor.

First Reading April 17, 2025
Second Reading April 17, 2025
Third Reading

Passed by City Council,

President of City Council

ATTEST: _____
City Clerk

Approved this ____ day of _____, 2025.

Mayor

SYNOPSIS: This Ordinance exempts eligible elderly and disabled residents as well as residences with children under the age of five from having water shut off for nonpayment of water service charges.

FISCAL IMPACT STATEMENT: The Office of Management & Budget (OMB) has reviewed the ordinance and performed a statistical analysis incorporating data from the U.S. Census Bureau, the Social Security Administration, and the City’s Finance Department. Because no existing data source provides information at the specific level of detail required by

the ordinance, OMB interpolated Census and Social Security Administration data and developed ranges of potential fiscal exposure.

Based on this analysis, the three categories of households identified in the ordinance (“this group of households”) that would be exempt from water shutoffs represent a total of approximately 11.7% of all households in the City, or roughly 3,700 households.

Because the City would no longer be able to collect delinquent balances from this group of households through the threat or implementation of water shutoffs, the fiscal impact of the ordinance has two primary components:

- 1) The total past-due balance attributable to this group of households that could no longer be collected
- 2) The annual water and sewer billing amounts that may go unpaid by this group of households in the future.

From delinquent collections data provided by the Finance Department, OMB calculated that the past-due balance accrued by this group of households through 2025 total is about **\$1.86 million**. It is assumed that most, if not all, of the leverage currently provided by the threat or implementation of water shutoffs to enforce payment would be eliminated, resulting in little to no recovery of these outstanding balances.

In addition to the existing past-due balances, OMB evaluated the potential annual revenue exposure associated with this group of households. Based on current billing data and estimated average household charges, the annual billing attributable to this group of households is estimated to be approximately \$3.39 million per year. While it is not assumed that all households in this group would cease payment entirely, the removal of shutoff authority as an enforcement mechanism would significantly reduce the City’s ability to compel payment. As a result, OMB estimates that a meaningful portion of these annual charges could go unpaid, creating an ongoing fiscal exposure for the Water/Sewer Fund. The exact amount will depend on future payment behavior and the effectiveness of any alternative collection mechanisms that may be implemented. The table below illustrates the range of potential annual revenue loss depending on the share of households in this group that ultimately do not pay their water and sewer bills.

% Not Paying	\$ Revenue Lost
5%	169,402
10%	338,804
15%	508,206
20%	677,608
25%	847,010
50%	1,694,019
75%	2,541,029
100%	3,388,038

While it is unlikely that 100 percent of these households would cease payment, the removal of water shutoff authority as an enforcement mechanism would significantly weaken the City's primary collection tool. Even relatively modest changes in payment behavior could produce meaningful fiscal impacts. For example, if 10% to 25% of this group of households failed to pay their bills, the Water/Sewer Fund could experience an estimated annual revenue loss of approximately \$339,000 to \$847,000. Higher non-payment rates would increase this exposure substantially, with losses exceeding \$1.7 million annually if half of the affected households did not pay. As a result, the ordinance creates a measurable fiscal risk to the Water/Sewer Fund, the magnitude of which will depend largely on future payment behavior and the effectiveness of any alternative collection mechanisms the City may implement. Any sustained loss of revenue would ultimately need to be absorbed through reductions in Water/Sewer Fund infrastructure and budget resources, increased rates for other customers, or a combination of both.

In summary, the Water/Sewer Fund would likely lose the ability to collect most, if not all, of the **\$1.86 million** in accrued past-due balances attributable to this group of households. Looking forward, the Water/Sewer Fund would experience annual revenue losses ranging from approximately \$170,000 to as much as \$3.38 million, with a most likely range of roughly **\$500,000 to \$1.7 million** per year depending on future payment behavior.