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## 2022-RFP-98

### Low Income Household Water Assistance Program (LIHWAP) Payment Disbursement Services Administrator Bidder's Conference Questions and Responses

The Department of Community Services and Development (CSD) provides the following formal responses to questions submitted by prospective applicants for the RFP - Low Income Household Water Assistance Program Payment Disbursement Services Administrator (2022-RFP-98) submitted during the Bidder's Conference held on May 2, 2023, or by the May 5, 2023, submission deadline.

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**Question 1:** How will the vendor know if the customer has disconnected services and payments should stop when water services are sub-metered?

**CSD Response:** The vendor will not know that the customer has been disconnected or if water services are sub-metered. This determination is made by the Local Service Provider (LSP) at the time the customer applies for services. Customers with water services that are sub-metered will be paid directly via the vendor and it is not expected that payments to these customers will be stopped; however, if a payment must be stopped CSD will notify the vendor.

**Question 2:** LIHWAP 1.0 had a waitlist for customers. Is there still a waitlist for customers?

**CSD Response:** A majority of the LSPs have ample funding under LIHWAP to serve all eligible applicants. LSPs that are low on funding may have a waitlist of customers in anticipation of LIHWAP 2.0 implementation.

**Question 3:** Is the funding limited to \$2,000 per household?

**CSD Response:** Refer to question 6 below.

**Question 4:** Who is responsible for tracking the payments and the balances on the funding caps?

**CSD Response:** CSD has a system to track payment and funding caps. CSD's system will also track when a payment has been issued to the vendor for disbursement. The vendor will be responsible for tracking payments to water systems and issuance of LIHWAP assistance to water system customers.

**Question 5:** Under LIHWAP, the vendor needed to send a notice to the water system to mitigate shut-offs. Does LIHWAP 2.0 have the same requirement?

**CSD Response:** To clarify, under LIHWAP, the vendor is not required to send a notice to the water system to mitigate shut-offs. This practice will also not be required under LIHWAP 2.0.

**Question 6:** Will the updated \$15,000 cap on benefits apply to LIHWAP 2.0?

**CSD Response:** CSD will draft program guidelines for public input on the maximum benefit level for the arrearage assistance program component. Based on input received and final policy decisions made by CSD, the arrearage assistance benefit level for LIHWAP 2.0 could differ from the arrearage assistance benefit level for LIHWAP 1.0.

**Question 7:** Will LSPs be managing the applicant outreach and application process at the local level?

**CSD Response:** Yes, the LSPs will be responsible for local outreach, intake (customer enrollment), and application processing.

**Question 8:** For LIHWAP 2.0, will the vendor be responsible for enrolling individuals?

**CSD Response:** No, the vendor will not be expected to enroll individual LIHWAP participants.

**Question 9:** For water systems not enrolled, do individual checks need to be processed? Do checks need to be used specifically to pay the water bills?

**CSD Response:** Yes, for water systems not enrolled in LIHWAP 2.0, the vendor will issue a check directly to eligible applicants in the form of either a single or dual-party check. CSD and the vendor will need to jointly develop the payment process for issuing checks to individuals. The intent is for the applicant to use the check to pay their water bill.

**Question 10:** Is this a taxable benefit?

**CSD Response:** CSD is seeking guidance on the matter of taxability of the LIHWAP 2.0 benefit for individual customers and will update this response once received.

**Question 11:** If the vendor needs to void a check after the agreed-upon number of days, must the customer reapply to get the benefit?

**CSD Response:** Yes; After the check is voided, the funds are considered returned. CSD updates its system, which the LSPs have access to, to inform LSPs that it is a full return. When it is a full return, the customer must reapply to receive their benefit.

**Question 12:** Task 1.2 mentions required state forms. What are the forms and how many are there?

**CSD Response:** Task 1.2 refers to the process of enrolling water systems into a LIHWAP Direct Payment Agreement using a vendor-developed enrollment portal and modifying the existing standardized Direct Payment Agreement. There are no state forms involved in this process or the completion of this specific task.

**Question 13:** Task 1.3 states that the vendor shall contact the water system within 3 days of receiving the referral. Will the non-responsive process described in Task 1.1 be applicable for the referrals as well? If that referred system does not respond within a certain number of outreach attempts then they are marked non-responsive?

**CSD Response:** CSD's expectation is that the vendor will conduct outreach to the referred water system within three business days of receiving a referral to attempt to get the referred water system enrolled and onboarded. CSD will work with the vendor to establish a process for deeming a water system non-responsive.

**Question 14:** Task 1.3 states that the vendor shall continue enrollment of interested water systems not previously enrolled in LIHWAP 1.0. How many are currently not enrolled? Is it expected that enrollment will be active outreach or passive approach?

**CSD Response:** Based on information from the State Water Resources Control Board, there are over 2900 drinking water systems and over 800 wastewater systems in California. 579 water systems are currently enrolled in a

LIHWAP Direct Payment Agreement, representing approximately 90 percent of residential drinking water connections. CSD expects the enrollment for Task 1.3 to be a passive process and active outreach is not required.

**Question 15:** If there is an issue with a direct payment and an applicant has a question, are those questions going to be fielded by the LSPs through the vendor or will the applicant work with the vendor that issued the check?

**CSD Response:** The vendor is not expected to interact with the applicant on payment issues. If there is an issue with the check, CSD or the LSP will field questions from the applicant. CSD will work directly with the vendor to resolve any issues with direct payments to water systems or payments issued to applicants directly.

**Question 16:** How many checks are dispersed per week on average?

**CSD Response:** Please refer to section 2.1 of the RFP. Under the current LIHWAP, checks are not issued directly to individuals because the program requires that payments are issued directly to water systems; therefore, CSD does not have this data. However, as stated in the RFP, based on experience from other similar programs, CSD estimates that approximately 12,000 checks will be issued over a twelve (12) month period to eligible applicants. These projections are subject to change based on the volume of applicant participation.

**Question 17:** Do the water systems have a deadline for preparing a Payment Summary Sheet and Account Reconciliation Report? If yes, what are those dates?

**CSD Response:** Yes; Please refer to section 2.2 of the RFP and section 2.11 of the example Direct Payment Agreement, located in the Bidder's Library.

**Question 18:** How many agencies are submitting qualified individuals for payment each month?

- Is there one (1) file format all agencies follow when submitting?
- If there is not a standard layout, how many different submission formats are received monthly?

**CSD Response:** CSD contracts with 41 LSPs statewide that are responsible for determining applicant eligibility for LIHWAP services. The LSPs submit eligible client records to CSD. CSD then runs a direct pay file that is provided to the vendor to disburse payments to water systems

or individuals. The direct pay file is in one standard format. CSD will provide the vendor with a direct pay file or pay run as outlined in section 1.7 of the example Direct Pay Agreement, located in the Bidder's Library.

**Question 19:** Please describe the format (or provide a sample) of the Water Systems Payment Summary Sheet.

- Is there a report as well an electronic copy received?
- If no electronic version, how does the current vendor process the report?

**CSD Response:** Under the current LIHWAP, the water systems complete the Direct Payment Summary for each pay run in a payment portal. Task 2.2 of the RFP describes the elements to be included in the Direct Pay Summary Report. In accordance with Task 2.2 of the RFP, the vendor is required to collect the Direct Payment Summary from the water systems electronically. The vendor is to describe their method for securing the Direct Payment Summary that meets this requirement.

**Question 20:** Can CSD please confirm that the Water Systems Account Reconciliation Report will contain the detailed transaction at the Water System\Customer\Account Number level? Can CSD please confirm this detail is the source of the required Portal?

**CSD Response:** The Water System Account Reconciliation requirements are outlined in Task 2.2 of the RFP. Each water system will need to provide details for each customer payment processed (e.g., full payment, partial payment, full credit return, etc.). This data will be captured and transferred in the vendor's secure portal.

**Question 21:** What is the total number of Customers\Accounts submitted for reconciliation monthly? Can CSD please provide the Top 5 high and Bottom 5 Water System average reconciliation entries per month?

Presently, how does the 3rd Party Vendor "Confirm Services Restored or Disconnection Prevented"? Are there standard codes the water systems return in their reconciliation report that provide this detail? If the codes are not standardized, how many codes exist for:

- Services Restored?
- Disconnection Prevented?
- Full payment?
- Partial payment?

- Unable to credit?  
Can CSD please explain this function?

**CSD Response:** The total number of customer accounts submitted and reconciled over the last 12 months is 29,098. The top five water system customer records reconciled are between 842 and 1,467 records. The bottom five water system customer records reconciled is one (1) record. This number is subject to change based on the LIHWAP 2.0 program design.

Under the current LIHWAP, the water systems will indicate whether services are restored, or disconnection prevented as part of the Direct Payment Summary that is submitted in the payment portal. Please refer to Task 2.2 of the RFP for details regarding the information the water systems are to provide concerning the status of the payment. Standard codes are not used in the current payment portal.

**Question 22:** Will there be a data conversion from the existing Vendor to a new Vendor (if Selected), or will the new Vendor begin the process with the first file groups?

If a conversion is required, can CSD please specify (in number of physical records): Total number of Water System profile records (Name, Address, Contact, Banking, etc.); Total historical Water System payment records (Please provide by Year); and Total historical Individual Payment records (Please provide by Year)?

If applicable, if supporting documentation is to be transferred to new vendor, can CSD please provide: Total number of physical files by file type (.txt, .doc, .pdf, .jpeg, etc.); and Total current amount of storage consumed by Documentation?

**CSD Response:** No; LIHWAP 2.0 is a new program. No data conversion or supporting documentation will be transferred from the current LIHWAP vendor to the New Vendor for LIHWAP 2.0. CSD will provide the New Vendor with the most current list of water systems enrolled under the current LIHWAP.

**Question 23:** Can CSD please describe the handoff between the 3rd party vendor “Reports to CSD” and “CSD Updates CORE for Return Payments”?

- What specific transactions would fall into this process?
- What specifically is provided to allow CSD to apply updates to CORE (report or electronic feed)?

- Can CSD please describe this interface's details?

**CSD Response:** The vendor is to provide CSD with the Direct Payment Summary submitted by the water systems. CSD then updates customer records in the Combined Outcome Reporting Engine (CORE) (see Task 2.2 of the RFP). CSD utilizes a secure electronic file transfer protocol.

**Question 24:** On the payment flow, the 3rd Party Vendor appears to be color coded in beige/yellow. Can CSD please clarify specifically who is performing the three purple hexagon tasks?

**CSD Response:** The vendor manages the reconciliation of returned payments and obtains the Direct Payment Summary from water systems that confirms applied payments and confirms restored or disconnections prevented.

**Question 25:** Will providing one user per water system be sufficient for this portal? If not, can CSD please specify the number of Users (maximum) per Water System?

**CSD Response:** Currently, 1215 active users are enrolled in the LIHWAP Direct Payment Agreement. CSD recommends the vendor's portal allow for at least two (2) registered users per enrolled water system.

**Question 26:** For the two (2) required CSD Portals (Enrollment and Payment), how many CSD users are anticipated to need access?

**CSD Response:** CSD requires at least five (5) users.

**Question 27:** Can CSD please clarify the following with regard to payments being sent to individuals?

- How many individuals are paid via ACH monthly? Via Check Monthly?
- How many re-issued checks on average are sent monthly?
- How many check voids are performed per month?
- What is the current balance of checks issued, not cashed today?
- How many checks are void after a specific timeframe (typically 90 days)? What is the timeframe currently for voiding checks due to expiration?
- How many ACH Payments are returned due to incorrect information

(Account\Routing Number)?

- Is the expectation that voided funds need to be tracked separately and the amount retained should re-issue be necessary? What is the re-issue policy? Is there an expiration after which there would not be a re-issued performed?
- Can CSD please explain the process flow when an individual reports a lost/stolen/never received check is reported.
- Who is initially contacted?
- What information do you require to record this interaction?
- How many manual checks are returned as undeliverable monthly? How are these tracked and or what is the required tracking process?

**CSD Response:** Currently, LIHWAP does not allow the issuance of checks to individuals. CSD has provided the following estimates based on the Low Income Home Energy Assistance Program (LIHEAP). Please note the payments are disbursed through the State Controller's Office (SCO) as warrants and are subject to SCO requirements and processing.

- **How many individuals are paid via ACH monthly? Via Check Monthly?**

CSD does not issue ACH payments to individuals. On an annual basis, for LIHEAP, there are approximately 12,000 checks issued by SCO to individuals.

- **How many re-issued checks on average are sent monthly?**

For LIHEAP: An average of five (5) checks are reissued monthly.

- **How many check voids are performed per month?**

For LIHEAP: An average of two (2) checks are voided monthly.

- **What is the current balance of checks issued, not cashed today?**

For LIHEAP: Between one (1) and seven (7) checks are issued but not cashed.

- **How many checks are void after a specific timeframe (typically 90 days)? What is the timeframe currently for voiding checks due to expiration?**



SCO voids a check after one year. One to two checks are voided annually.

- **How many ACH Payments are returned due to incorrect information (Account/Routing Number)?**

CSD does not currently process ACH payments to individuals.

- **Is the expectation that voided funds need to be tracked separately and the amount retained should re-issue be necessary? What is the re-issue policy? Is there an expiration after which there would not be a re-issued performed?**

The expectation is if checks are returned, or any portion of a customer's account is not fully credited, the vendor would have to track those payments, report the amounts to CSD, and use the return funds as cash on hand monthly. Please refer to CSD's Response to Questions 11 and 15.

- **Can CSD please explain the process flow when an individual reports a lost/stolen/never received check is reported.**

SCO requires a written letter from the applicant and the completion of a state form to stop payment and issue a duplicate warrant.

- **Who is initially contacted?**

The customer will make initial contact with the LSP or CSD (see CSD's Response to Question 15).

- **What information do you require to record this interaction?**

SCO requires a written letter from the applicant and the completion of a state form to stop payment and issue a duplicate warrant.

- **How many manual checks are returned as undeliverable monthly? How are these tracked and or what is the required tracking process?**

For LIHEAP: Approximately (5) warrants are returned monthly to SCO as undeliverable. SCO notifies CSD when a warrant is received as undeliverable, and then the funds are redeposited back into the funding source.

**Question 28:** For the last complete weekly payment, can CSD please specify:

- Total number of water systems paid and total dollar amount of disbursement; and
- Total number of submitting LSPs; and Total number of disbursements of individuals by LPS?

**CSD Response:** The total number of water systems processed the week of May 8, 2023, is 183, with a total payment amount of \$635,000. Please refer to CSD's Response to Question 27 regarding checks to individual applicants.

**Question 29:** For the last complete weekly payment, can CSD please specify:

- Total number of all water systems customer details provided in all Account Reconciliation Reports; and
- Total number of records for individuals submitted by all LSPs combined. (Example – If there are 10 LSPs who each have 10 customers, this number would be 100.)?

**CSD Response:** On May 8, 2023, 895 client records were submitted by LSPs to CSD. CSD, via the vendor, disbursed payment to 183 water systems on behalf of the 895 customers.

**Question 30:** On a monthly basis, can CSD please provide the total number of:

- Individuals: Total number of undeliverable checks; and total number of failed ACH Payment attempts?
- Water Systems: Total Number of Undeliverable checks; and Total Number of failed ACH Payment attempts?

**CSD Response:** Please refer to CSD's Response to Question 27 concerning individual payments. There have been no undelivered checks or failed ACH payments to water systems for LIHWAP.

**Question 31:** Task 2.1 mentions 165 weekly batch payments to enrolled water systems; however, Appendix A has about 500 enrolled utilities. Are all utilities issued payments every week if a disbursement amount is available, or does each utility have a different disbursement schedule throughout the month?

**CSD Response:** CSD processes a pay run once a week for all utilities with a disbursement amount.

**Question 32:** The RFP mentions the type of benefit as non-arrearage or arrearage assistance. Does the customer receive an ongoing benefit for the non-

arrearage part? If so, do they need to apply every month or are they enrolled over a period of time for a set amount?

If there is an ongoing monthly payment, how would it be known if an individual, whose water system is not enrolled in LIHWAP 2.0 DPA, has disconnected their service and moved out of state? What happens if the new person at the address cashes the check for the previous individual, and how would this issue be resolved if it applies?

**CSD Response:** The approved applicant will receive a one-time lump sum payment for either arrearage or non-arrearage assistance.

**Question 33:** Does the “Number of misapplied benefits, number of misapplied benefits resolved, and reason for misapplied benefits” include items found in an audit by the vendor, or does it also include any reported by the utility? If it includes detail reported from the utility, how is it reported to the vendor? Is there a uniform format used by all utilities?

**CSD Response:** The utility currently reports misapplied benefits through the Direct Payment Summary. Prior to submitting the information in the Direct Payment Summary, the utility may reach out directly to the vendor to notify them of the issue.

**Question 34:** The proposal submittal instructions state that bidders must submit one (1) PDF in a searchable format and inclusive of all the required elements of the proposal. The Cost Proposal (Attachment 9) has been provided in Excel format. For proposal submittal, is the Cost Proposal to be submitted as a separate Excel document?

**CSD Response:** Attachment 9, the Costs Proposal, is an Excel document that must be uploaded separately.

**Question 35:** The responses to written questions are to be posted on May 11, 2023. Will CSD consider an extension to the May 19, 2023 deadline for proposal submission to provide ample time for bidders to consider the responses (to questions) in their proposal submittal?

**CSD Response:** A revised RFP Addendum has been posted on [Cal eProcure](#) and [CSD's Website](#) updating the proposal key action dates.

**Question 36:** Please confirm whether “Vendor Office” includes remote office locations.

**CSD Response:** The vendor’s office may include remote office locations.

**Question 37:** Sections 5.1.1, 5.1.3 and 5.2.1 identifies supporting documents. Please confirm these documents are to be placed within Section 4 Required Attachments of our response, or if they should be appended at the end of section 1.

**CSD Response:** Correct. All supporting documents should be placed within the proposal as outlined in Section 6.1, Required Format for Proposal, and Section 4, Required Attachments. Attachment 9, the Costs Proposal, is an Excel document that must be uploaded separately.

**Question 38:** SBE preference points applicable to prime firms or can non-SBE firms with SBE subcontractors receive a portion of the point?

**CSD Response:** CSD will only award Small Business Enterprise (SBE) points to the prime firms and will not consider subcontractors that are SBE.

**Question 39:** Will an updated Attachment 3 based on Addendum changes be provided or should vendors update the form.

**CSD Response:** An updated Attachment 3 was posted in the revised RFP Addendum.

**Question 40:** How long will the vendor be required to store data after the end of the contract period?

**CSD Response:** Retention requirements for records is generally three years from the submission of the final (expenditure) report, unless an exception applies (2 CFR Section 200.334).

**Question 41:** Are 1099s required for any party receiving funds?

**CSD Response:** CSD is seeking guidance on the matter of the taxability of the LIHWAP 2.0 benefit and will update this response once received.