



City Council Agenda Item

City Council Meeting Date: February 4, 2020

TO: Jim Throop, City Manager

FROM: Melinda Wall, Financial Services Manager
m_wall@ci.lompoc.ca.us

SUBJECT: Adoption of Resolution No. 6304(20) Policy on the Procedure for the Discontinuance of Residential Water Service for Delinquent Accounts or Other Circumstances

Recommendation:

Staff recommends the City Council adopt Resolution No. 6304(20) Policy on the Procedure for the Discontinuance of Residential Water Service for Delinquent Account or Other Circumstances (Attachment 1), implementing Senate Bill 998.

Background:

On September 28, 2018, the Governor approved Senate Bill 998 (SB 998) (Attachment 2). SB 998 makes changes to the California Safe Drinking Water Act (Health & Safety Code) by adding a chapter called "Discontinuation of Residential Service." The new chapter requires water suppliers to have a written policy on the discontinuation of residential water service (shutoff) and provide that policy in English, Spanish, Chinese, Tagalog, Vietnamese, Korean, and any other language spoken by 10% or more of the customers in the water supplier's service area. It also requires water suppliers to report annually on their websites, and to the State Water Resources Control Board, the number of service discontinuations for nonpayment. The State Water Resources Control Board must then post that information on its website. The City is required to comply with the provisions of SB 998 by February 1, 2020.

Discussion:

Beginning on February 1, 2020, SB 998 prohibits disconnection for nonpayment by any residential water customer who has been delinquent for less than 60 days. It requires the water provider give notice in writing, or by telephone, at least seven business days before disconnection and include an offer to discuss alternative payment methods or deferred payments as well as information about available appeals and extensions. The notice must include the following:

1. Customer's name and address;
2. Amount of delinquency;
3. Date by which payment or arrangement for payment is required to avoid discontinuation of service;
4. Description of the process to apply for an extension of time to pay the amount owing;
5. Description of the procedure to petition for review and appeal of the bill giving rise to the delinquency; and
6. Description of the procedure by which the customer can request a deferred, amortized, reduced or alternative payment schedule.
7. If the occupant of the property is not the account holder (in other words, a tenant), the provider must also notify the occupant of the impending disconnection.

The legislation prohibits disconnection of customers who meet the following parameters:

1. Health Conditions: If the customer, or tenant of the customer, submits certification from a primary care provider that discontinuation of water service would:
 - (i) be life threatening, or
 - (ii) pose a serious threat to the health and safety of a resident.
2. Financial Inability: If the customer demonstrates he or she is financially unable to pay for water service within the water provider's normal billing cycle. The customer is deemed "financially unable to pay" if any member of the customer's household is:
 - (i) a current recipient of the following benefits: CalWORKS, CalFresh, general assistance, Medi-Cal, SSI/State Supplementary Payment Program or California Special Supplemental Nutrition Program for Women, Infants and Children; or
 - (ii) the customer declares the household's annual income is less than 200% of the federal poverty level.
 - a. When water is disconnected to a customer deemed financially unable to pay, then the reconnection fee is capped to \$50.00 or the actual cost of reconnection, whichever is less, and
 - b. Interest charges on delinquent bills must be waived every 12 months.
3. Alternative Payment Arrangements: The customer is willing to enter into an amortization agreement, alternative payment schedule, or a plan for deferred or reduced payment, consistent with the City's policy.

The following is a list of the Alternative Payment Arrangement options:

- a. Amortization of the unpaid balance;
- b. Alternative payment schedule;
- c. Partial or full reduction of unpaid balance; or
- d. Temporary deferral of payment.

The Management Services Director, or his or her designee, shall, in the exercise of reasonable discretion, select the most appropriate alternative payment arrangement after reviewing the information and documentation provided by the customer and taking into consideration the customer's financial situation and the City's payment needs.

In addition to SB 998, existing law (Public Utilities Code sections 10009–10011) also regulates discontinuation of residential water service and these regulations are also incorporated into the proposed policy.

Fiscal Impact:

The City may not shut off water service until the water account is delinquent for 60 days. Likewise, the City may not shut off water service if a customer has entered into an alternative payment arrangement. However, if a customer does not enter into an alternative payment arrangement, or has entered into an alternative payment arrangement but is in default for 60 days, the City may then proceed with shutoff.

The City will no longer be able to collect full cost recovery for performing water service shutoffs. Extending payment terms to customers can create a situation where they become more than three months past due before service can be shut off for non-payment.

There will be an impact to personnel resources as it relates to staff time for reviewing eligibility documents submitted by customers and setting up alternative payment arrangements. In addition, there will be a reduction in revenue due to the cap on charges for reconnections to customers deemed "unable to pay," and due to an annual waiver of interest charges on delinquent amounts due. There will also be an additional cost to translate the policy into five languages (Spanish, Chinese, Tagalog, Vietnamese, and Korean).

If the City does not adopt a policy compliant with SB 998, then the City may be subject to fines by the Water Board of up to \$1,000 per day of noncompliance.

Conclusion:

Adoption of the Resolution for the Policy on Discontinuance of Residential Water Service will keep the City compliant with the State of California law. The policy will also provide assistance for low income water customers.

The policy will replace some of the information in the City's current Utility Bill Rules and regulations. Staff anticipates updating the Utility Bill Rules and bringing it back to Council to review.

Respectfully submitted,

Melinda Wall, Financial Services Manager

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Dean Albro, Management Services Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager

Attachments: 1) Resolution No. 6304(20)
2) SB 998 – Legislation