



Agenda Report

Fullerton City Council

MEETING DATE: JANUARY 21, 2020

TO: CITY COUNCIL / CITY MANAGER

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: RAMONA CASTAÑEDA, REVENUE MANAGER

SUBJECT: ADOPTION OF POLICY REGARDING DISCONTINUATION OF RESIDENTIAL WATER SERVICE PURSUANT TO SENATE BILL 998

SUMMARY

Consideration of Policy regarding Discontinuation of Residential Water Service pursuant to Senate Bill 998 also known as the Water Shutoff Protection Act.

RECOMMENDATION

Adopt Resolution No. 2020-XX.

RESOLUTION NO. 2020-XX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, ADOPTING A POLICY ON DISCONTINUATION OF RESIDENTIAL WATER SERVICE FOR THE FULLERTON MUNICIPAL WATER UTILITY PURSUANT TO THE WATER SHUTOFF PROTECTION ACT (SB 998)

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Public Safety
- Infrastructure and City Assets.

FISCAL IMPACT

The new policy will require significant staff time to implement and administer the policy, as well as staff time associated with enforcement of the new regulations and management of payment arrangement plans. There are initial administrative costs to translate the policy and update the billing software system as well as ongoing, increased printing, mailing and notification requirement costs. There may be impacts due to delayed payments and possible increases to uncollectable charges resulting from water charges left unpaid during the payment arrangement period.

Staff is currently assessing the budgetary impact associated with the implementation of this adopted legislation. Any costs that cannot be absorbed within the Fiscal Year 2019-20 budget will be included in a future quarterly budget adjustment request for the Water Fund.

DISCUSSION

Senate Bill 998 (Dodd): Discontinuation of residential water service was signed into law by the Governor on September 28, 2018 and added to Chapter 6 (commencing with Section 116900) to Part 12 of Division 104 of the California Health and Safety Code (CHSC), relating to water. This chapter is known as the *Water Shutoff Protection Act* (Act). The legislation found and declared that State residents have the right to safe, accessible and affordable water. It also declared water service discontinuation threatens human health and well-being. As an urban water supplier not regulated by the Public Utilities Commission, the City of Fullerton Water Utility shall comply with this chapter on and after February 1, 2020. The Water Shutoff Protection Act only applies to residential accounts. One of the requirements of the Act is that the City of Fullerton Water Utility (City Utility) create a policy on Discontinuation of Residential Water Service (Policy) which shall apply to all City accounts for **residential** water service, but shall not apply to any accounts for non-residential service. The policy is outlined in the following sections.

Application of Policy

In compliance with the Act, this Policy enumerates the City Utility's administrative actions for the collection of delinquent accounts, including notifications, fee assignments and discontinuation of service. This Policy will be available on the City's website at www.cityoffullerton.com. For questions or assistance regarding utility bills, the City's Utility Services Division Customer Service staff can be reached at (714) 738-6890. Customers may also visit the City's Utility Services Division Customer Service desk in person Monday through Thursday and every other Friday, from 8:00 a.m. to 5:00 p.m., except on City holidays.

Policy Requirements

Pursuant to CHSC Section 116906, this Policy on discontinuation of residential service for nonpayment must be available in English, Spanish, Chinese, Tagalog, Vietnamese, Korean and any other language spoken by at least 10 percent of the people residing in its service area. This Policy shall include the following:

- A plan for deferred payments
- Alternative payment schedules
- A formal mechanism for customers to contest or appeal a bill
- A telephone number for a customer to contact to discuss options for averting discontinuation of residential service for nonpayment.

Residential Account Payment Schedule Changes

Currently, all water accounts, both residential and non-residential, have the same billing schedule which generally consists of a utility bill being sent to the account holder. If the bill is not paid in twenty-five days it is considered delinquent and incurs late charges. If the delinquent bill is not paid within fifteen days, then the property will be posted and a

\$22 posting fee is incurred. If the delinquent bill and posting fee are not paid within 48 hours, then service will be discontinued. This schedule generally consists of approximately 49 days to shut off. As of now, all **non-residential** accounts will remain on this schedule. As the implementation of this Act occurs, there may be a business reason to revise this practice so the cycles for non-residential and residential are in alignment.

Due to the changes per the Water Shutoff Protection Act, the billing schedule for **residential** accounts is extended. The schedule related to the initial bill and delinquency will remain the same. The residential utility bill will be sent to the account holder. If the bill is not paid in twenty-five days it will be considered delinquent and incur late charges. The Policy provides additional time (sixty days from date of delinquency) for the customers to pay outstanding charges as well as an opportunity for qualified residents to enter into a payment arrangement (see Summary of Payment Arrangements Provision below).

The Policy which includes extending the payment schedule also provides customers who qualify the opportunity to enter into a payment plan arrangement and includes separate noticing requirements for tenants/occupants.

Households with Incomes Below 200% of the Federal Poverty Line

The Policy also includes a reconnection fee limit and late charge waiver for households demonstrating incomes below 200% of the federal poverty line as shown in the following policy components:

- There shall be reconnection fees which shall be set forth in the Public Works Fee Schedule and shall not exceed the limitations established by SB 998.
- The City Utility shall waive interest / late charges on delinquent bills once every twelve months.

The City Utility shall deem a customer to have a household income below two hundred percent (200%) of the federal poverty line if any member of the household is a current recipient of CalWORKS, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplemental Payment Program or California Special Supplemental Nutrition Program for Women, Infants and Childre, or the customer declares that the household's annual income is less than two hundred percent (200%) of the federal poverty level.

Summary of Payment Arrangement Provisions

In addition to the extension of time being provided to customers to pay the water charges on their utility bill prior to service disconnection, another significant change is the provision of payment plan arrangements. These payment plans must be offered to customers that meet certain requirements generally consisting of the following:

- The customer submits to the City Utility certification of a licensed primary care provider that discontinuation of water service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises where residential service is provided, and
- The customer demonstrates that he or she is financially unable to pay for residential service within the City's normal billing cycle. The customer is deemed

financially unable to pay during the normal billing cycle if:

- any member of the customer's household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income / State Supplementary Payment Program or California Special Supplemental Nutrition Program for Women, Infants and Children, or
- the customer declares under penalty of perjury that the household's annual income is less than two hundred percent (200%) of the federal poverty level, and
- The customer is willing to enter into an alternative payment arrangement, including an extension, amortization or alternative payment schedule with respect to the total outstanding delinquent amount including late charges and other collection fees.

While on a payment arrangement plan, the customer must make payments per the payment plan arrangements and stay current on all other utility bill charges to prevent water service from being discontinued.

Next Steps

Once Resolution No. 2020-XX adopting the attached Policy on Water Discontinuation Service is adopted, Staff will upload the Policy to the City's website and ensure that the Policy is translated into the required languages. The City Utility's Water Rates, Rules, and Regulations (WRR&R) will need to be updated to conform with this Policy. The revised WRR&R will be presented to City Council for consideration at a future date.

Attachments:

- Attachment 1 – Resolution No. 2020-XX