

City of Buellton	Effective Date: April 1, 2020
Policy for Discontinuation of Water Service for Nonpayment	Approved by: City Council Approval Date: 3/12/2020

**Reference:**

Senate Bill No. 998: Discontinuation of Residential Water Service (SB 998)  
California Government Code Sections 60370-60375.5

1. **Policy:** This policy enumerates the City of Buellton’s (“City”) administrative actions for the collection of delinquent accounts, including notifications, fee assignments and discontinuation of service. This policy will be made available to the public on the City’s website. The City may be contacted by phone at (805) 686-0137 to discuss options for avoiding discontinuation of water service for nonpayment under the terms of this policy. For the purpose of this policy, “customer” refers to the water service account holder. Although SB 998 only relates to residential water customers, this policy applies to all customer types (ex. Residential, Commercial, and Industrial), except where specified.
2. **Effective Date:** The City of Buellton, as an urban or community water system not regulated by the Public Utilities Commission, and with less than 3,000 service connections, must comply with SB 998 on and after April 1, 2020.
3. **Published Languages:** This policy and written notices required in this policy shall be available and published in English, the languages in Section 1632 of the Civil Code, which include Spanish, Chinese, Tagalog, Vietnamese, and Korean, and any other language spoken by at least 10 percent of the people residing in the City’s water service area.
4. **Requirement for Discontinuing Water Service**
  - a. **Issuance, Due Date and Payment of Bills:** Bills for water service are issued to each water customer on the 25<sup>th</sup> of each month for water service in the prior month. Payments are due on or before the due date set in the water bill (the “Due Date”). Payments may be made at City Hall located at 107 West Highway 246, Buellton, CA 93427, mailed to PO BOX 1819, Buellton, CA 93427, calling City Hall at 805-686-0137 or on the City’s utility payment website at [www.cityofbuellton.com](http://www.cityofbuellton.com). It is the customer’s responsibility to assure the payments are received at City Hall in a timely manner.
  - b. **Delinquent Account:** Delinquent accounts are hereafter identified as any account that remains unpaid (and without having made payment arrangements or established an alternative payment schedule) by close of business on the “Due Date”. The City shall not discontinue water service for non-payment until payment by the customer has been delinquent for at least 60 calendar days. The following rules apply to the collection of delinquent accounts:

- i. Small Balance Accounts: Any balance on a bill of \$20.00 or less may be carried over, and added to, the next billing period without being assessed a late fee or incurring further collection action.
  - ii. Late Fee: If payment for a bill is not received by close of business on the due date, a 10% late fee will be assessed and added to the outstanding balance on the customer's account. The due date and late fee will be displayed prominently on the bill.
    - 1. Waiver of Late Fees: At the request of the customer, the City will waive the late fee if there are extenuating circumstances and the customer has not been assessed a late fee for delinquent payment in the preceding 12 months.
- c. Conditions for Discontinuation of Water Service Due to Nonpayment of Water Charges
- i. Water charges are delinquent for at least 60 calendar days;
  - ii. The account holder and/or occupants have been notified of this policy in writing no less than 7 business days before discontinuation of service; and
  - iii. The account holder has:
    - 1. Failed to obtain or maintain a payment arrangement or alternative payment schedule with the City for 60 days or more; or
    - 2. Not timely contested or appealed the water charges; or
    - 3. Not paid current water charges for 60 days or more; or
    - 4. For Landlord/Tenant relationships, refer to Section 9 of this policy.
- d. Notification Requirements of Policy
- i. Late Notice: If payment for a bill is not made within 14 calendar days following the due date, a notice of overdue payment (the "Late Notice") will be mailed to the mailing address of the customer.
  - ii. Disconnection Notice: If payment for a bill is not made within 45 days following the Due Date, a disconnection notice (the "Final Notice") will be mailed to the water service customer at least 7 business days prior to the possible discontinuation of service date identified in the Final Notice. If the customer's address is not the address of the property to which the service is provided, the Final Notice will also be sent to the address of the property served, addressed to "Occupant". The Final Notice must contain the following:
    - 1. Customer's name and address;
    - 2. Amount of Delinquency.
    - 3. Date by which payment or arrangement for payment must be made in order to avoid discontinuation of service, which shall be 60 days from the date the bill became delinquent;
    - 4. Description of the process to apply for an extension of time to pay the delinquent charges;
    - 5. Description of the procedure to petition for review and appeal of the bill; and
    - 6. Description of the procedure by which the consumer can request a deferred, amortized, reduced or alternative payment schedule.

7. City's phone number and a web link to the City's written policy.

The City may alternatively provide notice to the customer of the impending discontinuation of service by telephone. If provided by telephone, the City shall offer to provide the consumer with a copy of this Policy and also offer to discuss with the customer the options for alternative payments and the procedure for review and appeal of the consumer's bill.

- iii. Forty-Eight (48) Hour Notice of Termination: The City will make a reasonable, good faith effort to notify the customer 48 hours in advance of disconnection of water service for non-payment. The means of notification will be based upon the notification preference (text or phone) selected by the customer. Customers who have not selected a means of notification will be notified by phone. If the City is unable to make contact by text or phone, a good faith effort will be made to visit the residence and leave a notice of termination of service.
- iv. Payment Deadline to Avoid Disconnection: To avoid disconnection, payment for the full amount of delinquency must be paid online or received at City Hall no later than 11:00 a.m. on the due date specified in the Disconnection Notice. Postmarks will not be accepted.
- v. Door Hangers: Upon disconnection, a door hanger will be placed at the service address displaying the Customer Name, Account Number, Amount of Delinquency, Reconnection Fee and Total Due to reinstate service.
- vi. Notification of Returned Checks
  1. Notifications of Returned Check or Returned ACH: The City will consider a bill unpaid if it received a returned check or failed ACH payment. The City will send notice to the customer notifying them of the failed payment. Water service will be disconnected if the amount of the failed payment is not paid by the due date specified on the failed payment notice. The amount of the failed payment and the returned payment fee must be paid with cash or certified funds. After 3 failed payments in 12 month period, the customer will be flagged for a one-year period indicating that check payments will no longer be accepted.
  2. Returned Check Tendered as Payment for Reconnection of Water Service Disconnected for Nonpayment: If a check tendered as payment to restore disconnected service is returned or dishonored, the City may disconnect water service upon at least 14 days written notice to the customer. The customer's account will be reinstated only after payment of all outstanding charges is made in cash or certified funds. Once the customer's account has been reinstated, the account will be flagged for a one-year period indicating that a non-negotiable check was issued by the customer. If at any time during the one-year period described above the customer's account is again

disconnected for nonpayment, the City may require the customer to pay by cash or certified funds in order to have water service restored.

#### **5. Good Faith Noticing Requirements**

- a. If the City is not able to contact the customer, or an adult occupying the residence, by written notice (e.g., a mailed notice is returned undeliverable) or by telephone, the City will make a good faith effort to visit the residence and leave, or make other arrangements to place in a conspicuous location, a notice of imminent discontinuation of service for non-payment, and a copy of this policy.
- b. If the customer seeks review or appeal of their bill, the customer shall contact the City before the payment due date and the City will investigate. If the investigation does not result in a resolution acceptable to the customer, the customer may seek review by the Director of Finance and subsequently may appeal to the City Council. The City will provide written notice of the time and place of the appeal at least 7 calendar days before the City Council meeting. The decision of the City Council is final. The City shall not discontinue residential water service while the appeal is pending.

#### **6. Restoration of Water Service:** If the City discontinues water service for nonpayment, it shall provide the customer with information on how to restore water service. In order to resume service that has been discontinued because of non-payment, the customer must pay the total balance on the account and a reconnection fee.

- a. Reconnection during normal business hours: A reconnection fee in accordance with state law, plus applicable penalties shall be imposed and collected prior to reconnection. It is the customer's responsibility to call City Hall at 805-686-0137 to make a payment for a disconnected account and would like to reconnect the same business day. The City will endeavor to make such reconnection as soon as practicable.
- b. After-Hours reconnection: Services restored after 5:00 p.m. Monday through Friday, weekends, or holidays will be charged an after-hours reconnection fee in accordance with state law. It is the customer's responsibility to contact the City at 805-686-0137 to restore service. Services will not be restored unless the customer has been informed of the after-hours reconnection fee and has signed an agreement acknowledging the fee and agreeing to contact City Hall no later than 12:00 p.m. the following business day to pay the delinquent amount and reconnection fee. Field staff responding to service calls for reconnection are not permitted to collect payment but will instruct the customer to contact City staff by 12:00 p.m. on the following business day. Failure of an after-hours arrangement will result in termination of services on same business day and City will require payment before service is restored.
- c. New accounts: Water service may be discontinued at the request of the most recent customer if the City has not yet received an Application to establish service for a new customer. If service is being restored after regular business hours because the customer has yet to establish service, the customer must agree to contact the billing department to establish service the next business day. No after-hours reconnection fee will be charged for this instance.

- d. Disconnection other than non-payment: Services discontinued for any other reason not identified in this policy should refer to the Buellton Municipal Code Section 13.52.010 Disconnection-Compliance.
- e. Unauthorized reconnection: Water service that is turned on by any person other than City staff may be subject to additional charges and fees. Any damages that occur as a result of unauthorized restoration of service are the responsibility of the customer. (Buellton Municipal Code 13.32.050 Damage to water system facilities).

## **7. Prohibition Against Discontinuation for Residential Water Service:**

- a. This portion of the policy only applies for Residential Water Service. The City shall not discontinue residential water service if all of the following conditions are met:
  - i. Health Condition – The customer or tenant of the customer submits certification of a primary care provider that discontinuation of water service would be (i) be life threatening, or (ii) pose a serious threat to the health and safety of a person residing at the property; and
  - ii. Financial Inability – The customer demonstrates he or she is financially unable to pay for water service within the water system’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, Cal Fresh, general assistance, Medi-Cal, SSI/State Supplementary Payment Program or California Special Supplemental Nutrition Program for Women, Infants and Children; or (iii) the customer declares the household’s annual income is less than 200% of the federal poverty level; and
  - iii. Alternative Payment Arrangements – The customer is willing to enter into an amortization agreement or alternative payment schedule.
- b. The burden of proving compliance with the conditions described above is on the Customer. If the conditions listed above in subsection (i-iii) are all met, the City shall offer the customer one of the following options at City’s preference:
  - i. Amortization of the unpaid balance.
  - ii. Participation in an alternative payment schedule.
- c. The Finance Director or designee is authorized to determine which of the payment options described in Section 7.b. the customer undertakes and may set the parameters of that payment option provided that the repayment of any remaining outstanding balance occurs within 12 month.
- d. Residential water service may be discontinued no sooner than 5 business days after the City posts a final notice of intent to disconnect service in a prominent conspicuous location at the property under either of the following circumstances:

- i. The customer fails to comply with an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges for 60 days or more.
- ii. While undertaking an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges, the customer does not pay his or her current residential water service charges for 60 days or more.

**8. Alternative Payment Arrangements:** Customers may request an alternative payment arrangement if they feel they are unable to pay their City utility bill within the normal payment period. Should the City decide to grant a customer an alternative payment arrangement, the City will offer to amortize the unpaid balance per Subdivision (a). Only in extreme and extraordinary circumstances will the City consider the arrangements described in Subdivisions (b) below. The City has full discretion whether or not to grant a customer an alternative payment arrangement.

- a. Amortization: The City may grant an amortization plan on the following terms:
  - i. *Term:* The customer shall pay the unpaid balance, over a period not to exceed 12 months, as determined by the Finance Director or authorized designee. The unpaid balance shall be divided by the number of months in the amortization period and that amount shall be added each month to the customer's ongoing utility bill.
  - ii. *Compliance:* The customer must comply with the amortization plan and remain current as charges accrue in each subsequent billing period. The customer may not request further amortization plan. Where the customer fails to comply with the terms of the amortization plan or fails to pay the customer's current service charges, the City may discontinue water service to the customer's property no sooner than 5 business days after posting at the customer's residence a final notice of its intent to discontinue service.
- b. Alternative Payment Schedule: In an extreme and extraordinary circumstance, the City may grant an alternative payment schedule for a customer's unpaid balance in accordance with the following terms:
  - i. *Term:* The customer shall pay the unpaid balance, over a period not to exceed 12 months, as determined by the Finance director or authorized designee.
  - ii. *Schedule:* The Finance Director or authorized designee shall work with the customer to develop an alternative payment schedule. That alternative schedule may provide for periodic lump sum payments that do not coincide with the established payment date. The alternative schedule may provide for payments to be made more frequently than monthly or may provide that payments be made less frequently than monthly, provided that in all cases, subject to Subdivision (i) above, the unpaid balance shall be paid in full within 12 months of establishment of the payment schedule. The agreed upon schedule shall be set forth in writing and be provided to the customer.
  - iii. *Compliance:* The customer must comply with the alternative payment schedule and remain current as charges accrue in each subsequent billing period while paying delinquent charges pursuant to the previously agreed upon schedule. Where the customer fails to comply with the terms of the agreed upon payment schedule or fails to pay the customer's current service charges, the City may discontinue water service

to the customer's property no sooner than 5 business days after posting at the customer's residence a final notice of its intent to discontinue service.

**9. Services involving Landlord-Tenant Relationships**

- a. If the City furnishes individually metered residential water service to residential occupants of a detached single-family dwelling, a multiunit residential structure, or mobile home and the owner, manager, or operator of the dwelling, structure, or park is the customer of record, the City shall make a good faith effort to inform the residential occupants, by means of written notice, when the account is in arrears that service will be terminated at least 10 days prior to the termination. The written notice shall further inform the residential occupants that they have the right to become customers, to whom the service will then be billed, without being required to pay any amount which may be due on the delinquent account.
  - i. The City shall not make service available to the residential occupants unless each residential occupant agrees to the terms and conditions of service and meets the requirements of law and the City's ordinances, resolutions, rules and regulations. However, if one or more of the residential occupants are willing and able to assume responsibility for the subsequent charges to the account to the satisfaction of the City, including requirement which may include, but not be limited to, payment of a utility deposit and completion of a City application for service so that the Finance Director, or designee, may evaluate whether the City is satisfied that the residential applicants can meet the terms and conditions of service, or if there is a physical means legally available for the City to selectively terminate service to those residential occupants who have not met the requirements of the City, the City shall make service available to those residential occupants who the City is satisfied can meet the terms and conditions of service.

**10. Reporting Requirements:** The City shall annually report the number of discontinuations of residential service for inability to pay on the City's website and to the State Water Resources Control Board.

**11. Limitations of this Policy:** Nothing in this policy restricts, limits, or otherwise impairs the City's ability to terminate service to a customer for reasons other than those explicitly stated in this policy, including, but not limited to, unauthorized actions of the customer.