



STAFF REPORT
6/24/2020

TO: Honorable Mayor and City Council Members
FROM: Cástulo R. Estrada
SUBJECT: Policy on Discontinuation of Residential Water Service

STAFF RECOMMENDATION:

It is recommended that the City Council (Board of Directors) adopt the proposed Policy on Discontinuation of Residential Water Service.

DISCUSSION/ANALYSIS:

In fall 2018, former Governor Jerry Brown signed SB 998, the Water Shutoff Protection Act (the “Act” or “SB 998”). The purpose of the Act was to provide additional procedural protections to residential water customers before the discontinuation of water service. The Act is codified at Health & Safety Code § 116900, et seq. and expands on existing procedural safeguards contained in the Public Utilities Code and Government Code relating to utility service disconnections.

Under Senate Bill 998, the City (Coachella Water Authority) must adopt a written policy on discontinuation of water service for nonpayment and make it available on the City’s website. The policy must be available in English, Spanish, Chinese, Tagalog, Vietnamese, and Korean. The policy must contain the following information:

1. A plan for deferred or reduced payments;
2. Alternative payment schedules;
3. A formal mechanism for a customer to contest or appeal a bill; and
4. A telephone number for a customer to contact to discuss options for averting discontinuation of residential service for nonpayment.

The attached “Policy on Discontinuation of Residential Water Service” has been reviewed by legal counsel and determined to be compliant with Senate Bill 998.

In addition to requiring the City to adopt a policy on the discontinuation of water service for nonpayment, the Act defines specific procedural requirements that must be undertaken by the City before a customer may have service terminated for nonpayment.

The procedural requirements:

- **Sixty (60) Days Required Before Discontinuation of Service**

Current practice would permit the City to terminate service for nonpayment about 45 days after the bill was rendered. This procedural requirement will extend the termination day about 25 days, to 70 days after the bill was rendered.

- **City Unable to Contact Customer or Adult at the Residence**

If the City is unable to make contact with the customer, the City must make a good faith effort to visit the residence and leave, or make arrangements for placement in a conspicuous place, (a) a notice of imminent discontinuation of service for nonpayment and (b) a copy of the water system's policy on discontinuation for nonpayment. The City will provide this notice 48 hours prior to termination of service.

- **Limit on Reconnection Fees for Low-Income Customers**

If a customer demonstrates that he or she has a household income below 200% of the federal poverty level, the City must limit the customer's reconnection fees to no more than \$50 during regular business hours, and \$150 during non-regular hours. Customers that claim to meet the 200% standard will be referred to the City's customer Emergency Assistance Program to apply for assistance and verify their eligibility.

- **Waiver of Interest for Low-Income Customers**

If a customer demonstrates that he or she has a household income below 200% of the federal poverty level the City must waive the interest charges on delinquent bills once every twelve months.

- **Annual Reporting**

The City will be required to annually report to the State Water Resources Control Board the number of times service is discontinued due to inability to pay. This information must also be posted on the City's website. The City does not assess income levels and is unable to determine the circumstances that lead to disconnection due to inability to pay, but staff will report all disconnections.

FISCAL IMPACT:

In a calendar year on average there are approximately 2,400 instances where domestic service was terminated for nonpayment. If the recommendations are adopted, staff expects the City to see increased expenses per year to provide the additional notice 48 hours prior to termination of service.

These requirements may require the addition to staff personnel in the Water Department as we anticipate the need to provide notice 48 hours prior to termination to a large number of customers will take a significant amount of time.

Staff expects a minimal loss of revenue due to the service reconnection fee being lowered for customers 200% or below the federal poverty line.