

RESOLUTION NO. 05-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ADOPTING A DISCONTINUATION OF RESIDENTIAL WATER SERVICE FOR NON-PAYMENT
POLICY PURSUANT TO SENATE BILL 998**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, The City of Morro Bay provides water services to over 5,000 customers; and

WHEREAS, the City of Morro Bay discontinues water service when payment is not made; and

WHEREAS, the State of California has passed Senate Bill 998 outlining procedures that must be taken before a utility provide may discontinue residential water service for non-payment; and

WHEREAS, The City of Morro Bay is required to adopt a written policy that is compliant with the requirements of Senate Bill 998.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the "Discontinuation of Residential Water Service for Non-Payment" policy that is pursuant to Senate Bill 998 as documented in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 28th day of January 2020, by the following vote:

AYES: Headding, Addis, Davis, Heller, McPherson
NOES: None
ABSENT: None



JOHN HEADDING, Mayor

ATTEST:



DANA SWANSON, City Clerk



COUNCIL POLICY

Discontinuation of Residential Water Service for Non-Payment (Senate Bill 998)

Policy Statement

The City of Morro Bay (City) Public Works Department, Water and Sewer Divisions, are responsible for the collection and treatment of wastewater for over 5,000 customers within City limits and delivery of potable water to a similar number of customers. As an urban water supplier the City is governed by Senate Bill No. 998, codified in Health and Safety Code section 116900 et seq., and Public Utilities Code section 10009–10011, which establish specific requirements for the discontinuation of residential water service for non-payment.

Purpose

This Discontinuation of Residential Water Service for Non-Payment policy is designed to comply with the requirements of Senate Bill 998 by enumerating the City's administrative procedures for discontinuation of water service for non-payment, including notifications, alternative payment arrangements, and reduced fee charges.

City Contact Information

The City can be contacted by phone at 805-772-6222 to discuss options for averting discontinuation of water service for non-payment under the terms of this policy.

Policy and Notices Available in Multiple Languages and On City Website

This policy and all notices issued to customers under this policy shall be provided in English, Spanish, Chinese, Tagalog, Vietnamese, Korean, and any other language spoken by at least 10 percent of Morro Bay residents.

This policy shall also be made available on the City's website.

Definitions

Delinquency Date – The 31st day after the water bill is issued to the customer, as determined by the issuance date stated on the bill.

Financially Unable to Pay – A customer is financially unable to pay if any member of the customer's household (i.e. someone that demonstrates that they reside at the account's address) is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplemental Payment Program, or California Social Supplemental Nutrition Program for Women, Infants, and Children, or the customer declares the household's income is less than 200% of the federal poverty level.

Water Shutoff Date – The 61st day after the Delinquency Date. However, if the Water Shutoff Date falls on a weekend, legal holiday, or any other day on which the City's offices are closed, the Water Shutoff Date will be postponed until the next regular business day.

Policy

Water bills are issued at the beginning of the month for usage during the previous month and become delinquent if not paid within 30 days after the date the bill is issued. If a water bill is delinquent for 60 days the City will discontinue the water service, subject to the requirements below. Water service will be subject to shutoff on the Water Shutoff Date or as soon thereafter as City staff are able to shut off the water service. The following rules and procedures apply to delinquent bills and termination of water service:

1. **Delinquency Notice:** Approximately 2 weeks after the Delinquency Date, the City will mail a delinquency notice to the customer notifying the customer that their account is past due and late penalties will be applied to their account.
2. **Discontinuation Notice:** At least 15 days prior to the Water Shutoff Date, the City will give the customer a second notice of delinquency and impending discontinuation of services by mailing notice to the customer's address. If the customer's address is not the address of the property to which residential service is provided, the notice will also be sent to the address of the property to which residential service is provided, addressed to "Occupant." If the mailed notice is returned to the City as undeliverable, the City will post the notice at the residence where service is provided. The Discontinuation Notice will include the following:
 - a. Customer's name and address.
 - b. Amount that is past due.
 - c. Date by which payment or payment arrangements are required to avoid discontinuation of service.
 - d. Description of the process to apply for an Alternative Payment Arrangement as described in section 7 below.
 - e. Description of the process to dispute or appeal a bill as described in section 11 below.
 - f. The procedure for the customer to obtain information on the availability of financial assistance, including private, local, state, or federal sources, if applicable.
 - g. City's phone number and a web link to the City's Discontinuation of Residential Water Service for Non-Payment policy.
3. **48-Hour Notice:** The City will give the customer a final notice of termination at least 48 hours prior to the Water Shutoff Date, containing the same information in the Discontinuation Notice. This notice will be provided by posting a Discontinuation Notice at the residence receiving service. The City will also make a reasonable attempt to contact an adult residing at the customer's residence by phone at least 24 hours prior to the Water Shutoff Date.
4. **Third-Party Notification Service:** Customers who are 65 years of age or older, or who are dependent adults as defined in Welfare and Institutions Code section 15610.23, may designate a third party to receive notice of delinquency and pending termination on behalf of the customer by filing a Third-Party Notice form with the City, which shall be signed by both the customer and the third party. The designation will be for purposes of notification only and will not obligate the third party to pay delinquent charges. Third-Party Notice forms are available on the City's website at morrobayca.gov and a customer may obtain more information by calling 805-772-6222.

5. Waiver of Late Penalties and Tag Fees: Pursuant to Resolution 63-18 and Council Policy entitled Penalty Waiver Policy for Utilities, a customer is entitled one waiver of a late penalty or tag fee one time in a 24-month period, at the request of the customer. All tag notice fees will be waived for customers who can demonstrate that they are financially unable to pay.
6. Prohibition of Water Service Shutoff: The City of Morro Bay will not discontinue residential service if all of the following conditions are met:
 - a. The customer, or a tenant of the customer, submits to the City the certification of a primary care provider stating that the discontinuation of residential service will be life threatening or pose a serious threat to the health and safety of a resident of the premises where the service is provided;
 - b. The customer demonstrates he or she is financially unable to pay for residential service within the normal billing cycle.
 - c. The Customer is willing to enter into an alternative payment arrangement.
7. Alternative Payment Arrangements: Any customer who is unable to pay for water service within the normal payment period may request an alternative payment arrangement to avoid late fees or disruption of service. The City will not discontinue water service for non-payment if a customer has requested and entered into an alternative payment arrangement and remains current on payment plan. The City offers the following alternative payment arrangement options:
 - a. Promise to Pay – Pursuant to Resolution 65-19 and Council Policy entitled Utility Bill Payment Extension Policy a customer with an outstanding balance after 60 days may request a payment extension to avoid a penalty, tag notice or shut off. The payment extension can be for no more than 5 business days and an account can be approved for up to two payment extensions in a 12-month period. A payment extension will be approved as long as it is requested by the primary account holder, is not a third request within a 12-month period and a previous payment extension commitment has not been broken in the past 24-months. If the payment extension due date commitment is not met, the account will not be eligible for another payment extension for a 24-month period.
 - b. Payment Arrangement Plan – Pursuant to Resolution 81-19 and Council Policy entitled Payment Arrangement Policy for Utilities a customer with an outstanding balance after 60 days may request a payment arrangement plan. The customer is required to make monthly, reduced payments under the plan which can extend the payment period from three to nine months depending on the outstanding balance due. When a payment arrangement is agreed upon, the account will not be penalized or subject to shut off for outstanding balances as long as payments are received by the due date. A customer may enter into a payment arrangement once during a twelve-month period. If payment is not received by the due date a 10% penalty will be assessed. If payment is 30 days late, the city has discretion to discontinue the payment arrangement plan. If a customer has a payment arrangement discontinued, they are not eligible for another payment arrangement for 24-month period.
8. Disconnection for Failure to Comply with Payment Arrangement: If a customer who has entered into an alternative payment arrangement (a) is delinquent on the payment arrangement for 60 days, or (b) is delinquent on the current water bill for 60 days after the Delinquency Date, the City may disconnect the water service without offering any further

alternative payment arrangements, after posting a final notice of intent to disconnect service on the property receiving service at least 5 business days prior to disconnection.

9. **Service Fee Reduction:** Pursuant to Resolution 64-19 adopting Council policy entitled Utility Discount Program Enrollment, customers who demonstrate that they are eligible for the PG&E Customer Care program will qualify for a discounted utility rates of up to 10% of the utility bill per month.
10. **Re-establishment of Service:** When the City of Morro Bay has determined that the time periods have been met and an account is subject to or has had discontinuation of residential service, the customer may reestablish the account by contacting City Hall at 805-772-6222. For reestablishing accounts under these conditions, a water customer will be charged a fee as outlined in the City's Master Fee Study. For customers who can demonstrate that they are financially unable to pay, the fee is capped at \$50 during normal operation hours and \$150 during non-operation hours, but not to exceed the actual cost of the reconnection fee. The City does not charge interest on delinquent accounts, only a late penalty is assessed. A late penalty may be waived once in a 24-month period as described in section 5.
11. **Disputed Bills:** If a customer disputes a bill, they must follow the outlined procedure below:
 - a. Appeals must be submitted, in writing, and must be filed no later than fifteen (15) days after the delinquency notice has been issued (date on the issuance notification). The Appeal must be submitted to the Finance Director and will be reviewed by the Finance Director and City Manager for determination. If a customer disputes the water bill and exercises their right to appeal to the Finance Director, the City Water Department will not disconnect water service for non-payment while the appeal is pending. The City will respond to the appeal, in writing, within 30 days of receipt.
12. **Special Rules for Service Recipients Who Are Not Customers:**
 - a. **Notice.** If the City furnishes individually metered service or master-metered service to residential occupants of a detached single-family dwelling, a multiunit residential structure, mobilehome park, or permanent residential structure in a labor camp, and the owner, manager, or operator of the dwelling, structure, or park is the customer of record, the City will make a good faith effort to provide a written notice of delinquency and pending termination to each occupant by posting a notice on the door of each residential unit at least 15 prior to termination of services.
 - b. **Contents of Notice.** The notice will include the following information:
 - i. The written notice will 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.
 - ii. Requirements for preventing termination of service and for reestablishing service.
 - iii. The title, address, and telephone number of a City representative who can assist the residential occupants in continuing service.

- iv. The address and telephone number of a qualified legal services project, as defined in Section 6213 of the Business and Professions Code, which has been recommended by the local county bar association.
- c. The City is not required to 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. 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, or if there is a physical means legally available to the City of selectively terminating service to those residential occupants who have not met the requirements of the City's rules and tariffs, the City shall make service available to those residential occupants who have met those requirements.
- d. If prior service for a period of time is a condition for establishing credit with the City, residence and proof of prompt payment of rent or other credit obligation acceptable to the City for that period of time is a satisfactory equivalent.
- e. Any residential occupant who becomes a customer of the City pursuant to this section 12 whose periodic payments, such as rental payments, include charges for residential water service, where those charges are not separately stated, may deduct from the periodic payment each payment period all reasonable charges paid to the City for those services during the preceding payment period.