



# City of Rialto

## Legislation Details (With Text)

**File #:** 20-0044      **Version:** 1      **Name:**  
**Type:** Agenda Item      **Status:** Agenda Ready  
**File created:** 12/16/2019      **In control:** City Council/Rialto Utility Authority  
**On agenda:** 1/28/2020      **Final action:**  
**Title:** Request City Council/Rialto Utility Authority Approve Implementation of Changes Necessary to Comply with California Senate Bill 998, Entitled Discontinuation of Residential Water Service: Urban and Community Water Systems, Including the Repeal of Resolution No. 5074 and the Adoption of Resolution No. 7591 and RUA Resolution No. 01-20 in Compliance with Senate Bill 998.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Attachment 1 - Resolution - SB 998.pdf, 2. Attachment 2 - RUA Resolution - SB 998.pdf

Date	Ver.	Action By	Action	Result
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For City Council and Rialto Utility Authority Meeting [January 28, 2020]

TO: Honorable Mayor and City Council

APPROVAL: Rod Foster, City Manager

FROM: Thomas J. Crowley, P.E., Utilities Manager

Request City Council/Rialto Utility Authority Approve Implementation of Changes Necessary to Comply with California Senate Bill 998, Entitled Discontinuation of Residential Water Service: Urban and Community Water Systems, Including the Repeal of Resolution No. 5074 and the Adoption of **Resolution No. 7591** and **RUA Resolution No. 01-20** in Compliance with Senate Bill 998.

### **BACKGROUND**

Senate Bill 998 (“SB 998” or the “Bill”) was signed by the Governor on September 28, 2018. The Bill requires urban water suppliers that provide water to more than 200 water connections, such as the City of Rialto, to adopt a detailed written policy concerning residential service shutoffs for nonpayment and follow specific procedures prior to the discontinuance of residential water service by February 1, 2020. Intended to minimize the number of Californians who lose access to water service due to their inability to pay, SB 998 provides additional protections and procedural requirements before residential water service can be discontinued. SB 998 only affects the water enterprise.

### **ANALYSIS/DISCUSSION**

SB 998 prohibits the discontinuance of water service until accounts are at least sixty (60) days delinquent, requires a seven (7) business day notice before discontinuance, and prohibits discontinuance when doing so would (1) pose a serious threat to the health and safety of a resident, (2) if the customer demonstrates an inability to pay and (3) is willing to make payments via alternative methods.

If all these conditions are met, the water provider may only disconnect service if (1) the customer fails to comply with the terms of the alternative payment arrangement for sixty (60) days or (2) the customer fails to pay their current subsequent bill for sixty (60) days. Water services may be discontinued no sooner than five (5) business days after the water system posts a final notice of intent to disconnect service in a prominent and conspicuous location at the property.

Other requirements of SB 998 include:

1. Water systems must adopt a written policy on discontinuation of residential service for nonpayment (the "Policy"). The Policy must include all of the following: (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 Policy must be available on the water system's website.
2. Water systems must provide a written notice to customers no less than 7 days business days before discontinuation containing the following information: (1) the customer's name and address, (2) the amount of the delinquency, (3) the date by which payment or arrangement for payment is required in order to avoid discontinuation of residential service, (4) a description of the process to apply for an extension of time to pay the delinquent charges, (5) a description of the procedure to petition for bill review and appeal, and (6) a description of the procedure by which the customer may request a deferred, reduced, or alternative payment schedule, including an amortization of the delinquent residential service charges.
3. Water systems must attempt to provide notice to renters/tenants and mobile home residents that their service may be discontinued due to delinquent payments by their landlords and that they have the right to become customers of the water system without paying the past-due amounts on the landlords' accounts, only if they meet the urban water suppliers' requirements.
4. The Policy and all notifications must be provided in a minimum of 6 specified languages and any other language spoken by 10% of the urban water suppliers' residents. This is discussed in more detail below.
5. Water systems must annually post on their websites the number of times the system has discontinued service due to the customer's inability to pay and report the number of discontinuations to the State Water Resources Control Board.
6. Utilities in violation, face a penalty of up to \$1,000 "per day for each day that a violation occurred and for each day that a violation continues to occur."
7. Utilities are limited in the amount they may charge low income customers to reconnect their water service. A low-income customer is one who's household income is 200% below the federal poverty line.
8. Utilities must waive interest on delinquent bills for low income residents (as defined by SB 998) once every 12 months.

## IMPLEMENTATION

The City is already in compliance with much of SB 998; however, there are a few sections that still need to be implemented. The most notable sections of the law that staff is working to implement are as follows:

### 1. Rules and Regulations

Staff is working with the City Attorney's Office on the implementation of SB 998. Efforts include revisions to the City's rules and regulations related to the water enterprise as documented in Resolution No. 5074 (adopted March 15, 2004). The revisions predominately relate to documenting the requirements in SB 998 related to service disconnections and notifications to customers. These are further discussed below in number 3.

It should be noted that the revisions solely affect the rules and regulations of the water enterprise and will not impose, amend or increase current water rates.

### 2. Notices

Staff is also working with Rialto Water Services to determine what additional notices are required and the process of providing such notices under SB 998. For example, one of the additional notices required by SB 998 is notifying the tenants of multi-unit properties when the water bill has become delinquent. Unfortunately, this cannot be easily accommodated due to billing system constraints. Staff is strategizing ways to work within the current billing system, not incur additional costs and comply with all requirements of SB 998.

### 3. Disconnection of Services Policy

As previously mentioned, the City's written disconnection policy is being revised to meet the requirements of SB 998 (See number 1 above). Currently, Rialto Water Services generates a bill and the bill becomes due on the 25<sup>th</sup> day from the day the bill was generated. On day 26, the bill is considered past-due. Disconnection occurs 27 days **after** the account becomes past due, or in other words, 53 days past the billing date. With the enactment of SB 998, Rialto Water Services is now required to wait 60 days after the bill becomes past due. Accordingly, almost 3 additional billing cycles, or 86 days from the billing date will need to lapse prior to service disconnection.

The Policy also needs to formally document criteria for payment extensions, payment arrangements and define amortization guidance (term, payment schedule, etc.) for the water enterprise. The Policy must also establish a formal mechanism for a customer to contest and appeal a bill. Staff worked with the City's Attorney Office to develop a formal, fair and transparent appeal process. The process is documented in the Resolutions, included as **Attachments 1 and 2**.

### 4. Notifications and Languages

SB 998 requires that the notices and policy be translated into 6 different languages. The languages specifically required are Spanish, Chinese, Tagalog, Vietnamese, and Korean. In addition, notices must be translated into any additional languages spoken by at least 10% of the City's water customers. The US Census Bureau website did not indicate a population of any

other group of people that would require translations services into any other language. Accordingly, the notices and policy will only be translated into the 6 different languages required by SB 998.

### **ENVIRONMENTAL IMPACT**

The requested action does not constitute a “Project” as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a “Project” means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

### **GENERAL PLAN CONSISTENCY**

Approval of this action complies with the following City of Rialto Guiding Principles, General Plan Goals and Policies:

*Goal 3-6: Require that all developed areas within Rialto are adequately served with essential public services and infrastructure.*

### **LEGAL REVIEW**

The City Attorney has reviewed and supports the staff report.

### **FINANCIAL IMPACT:**

#### **Operating Budget Impact**

The City/RUA will likely incur a small increase in administrative costs related to the new noticing requirements, mostly for printing expenses. These costs would be absorbed through the Concession Agreement.

#### **Capital Improvement Budget Impact**

An impact to the Capital Improvement Budget is not anticipated with the requested action.

#### **Licensing**

A business license application and a Business License tax is not required with the requested action.

### **RECOMMENDATION**

Staff recommends that the City Council/Rialto Utility Authority approve implementation of changes necessary to comply with California Senate Bill 998, Entitled Discontinuation of Residential Water Service: Urban and Community Water Systems, including the repeal of Resolution No. 5074 and adopt the revised Resolutions.