



CITY OF FORT BRAGG
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FINANCE AND ADMINISTRATION COMMITTEE ITEM SUMMARY REPORT

MEETING DATE: October 2, 2019
TO: Finance and Administration Committee
AGENDA ITEM TITLE: Review Draft Water Shut-Off Policy in Preparation for SB 998 Implementation

BACKGROUND AND OVERVIEW:

Intended to minimize the number of Californians who lose access to water service due to their inability to pay, Senate Bill 998 (“SB 998”) provides additional procedural protections before residential water service can be discontinued. These protections apply to water service provided by an “urban and community water system,” a “public water system,” and an “urban water supplier” as those terms are defined. Among other things, SB 998 requires specified water providers to have a written policy on discontinuation of services, prohibits discontinuance until accounts are at least 60 days delinquent, requires 7 business days’ notice before discontinuance, and prohibits discontinuance when doing so would pose a serious threat to the health and safety of a resident if the customer demonstrates an inability to pay and is willing to make payments via alternative methods.

The City is required to comply with SB 998 by April 1, 2020. With multiple changes required, Staff believes it is prudent to begin preparations early. The changes required to bring the City into compliance are as follows:

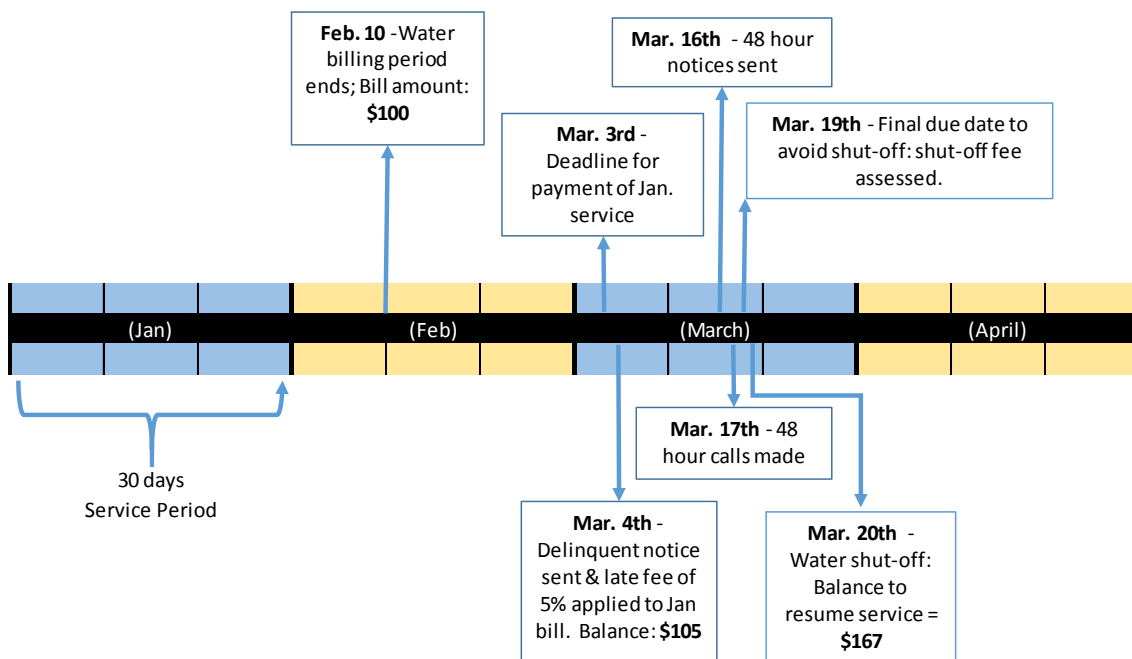
1. Adopt an ordinance to remove all shut-off language currently found in the City’s municipal code. (Various sections of Chapter 14.04).
2. Adopt a comprehensive shut-off policy by resolution.
3. Update the City’s fee schedule to comply with shut-off fee limitations.
4. Post the new shut-off policy to the City’s website (translated into multiple languages).
5. Create multiple new forms including new door hangars and update our phone notification script.
6. Annually report the number of shut-offs on the City’s website to the State Water Resources Control Board.

OVERVIEW OF CURRENT POLICY AND PROCEDURE:

Some key aspects of the City's current policy are as follows:

- The City of Fort Bragg has set the water billing period to be the tenth day of the month following the month of service delivery and deems water bills delinquent if not paid by the third day of the month following the billing period (Resolution 4065-2018).
- Any water customer who is unable to pay their bill by the due date may request an alternative payment arrangement with the Finance department by phone or at the counter. No specific reason is required in order to request an alternative payment arrangement and notably Finance staff does not request a doctor's note or income verification. Therefore, the City's current policy already exceeds the SB 998 requirement that water accounts may not be terminated when such termination causes a health risk to the water customer or the customer can verify extreme poverty.
- Alternative payment arrangement terms are offered at the discretion of the Finance department but generally require a partial down payment with the balance due within one to two weeks.
- If a customer defaults on their alternative payment arrangement twice in a one-year period, a third alternative payment arrangement is not offered.
- When a customer defaults on their alternative payment arrangement the water service is terminated immediately and a shut-off fee assessed.
- Fees to resume service are set at \$62 during normal business hours and \$200 after hours.

Timeline Using Hypothetical \$100 Water Bill with Current Policies and Procedures



OVERVIEW OF UPDATED SB998 COMPLIANT POLICY AND PROCEDURE:

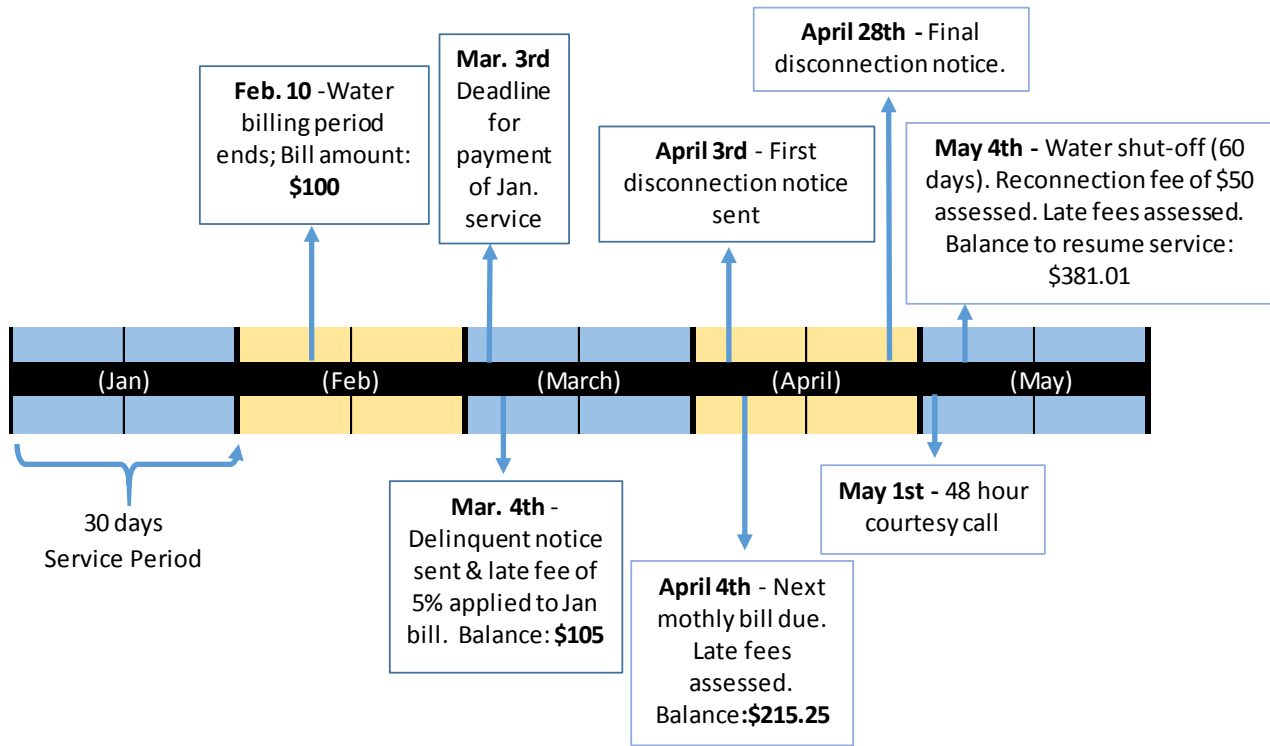
Several aspects of the current policy and procedure will not change under the new policy and procedure:

- The City of Fort Bragg will continue to set the water billing period to be the tenth day of the month following the month of service delivery and deem water bills delinquent if not paid by the third day of the month following the billing period (Resolution 4065-2018).
- Any water customer who is unable to pay their bill by the due date may request a payment plan with the Finance department by phone or at the counter. No specific reason is required in order to request a payment plan and notably Finance staff will not request a doctor's note or income verification.
- The only requirement to avoid water shut-off is a willingness to enter into and alternate payment arrangement (aka payment plan or amortization).

Some aspects however will change in order to comply with SB 998:

- Payment plans will specifically require a 20% down payment.
- Payment plans will be extended to 60 days rather than 1-2 weeks.
- The City will not shut-off water service until the water account is delinquent for 60 days. Likewise, the City will not shut-off water service if a customer has entered into an alternative payment arrangement. If however a customer does not enter into an alternative payment arrangement or has entered into an alternative payment arrangement but is in default for 60 days, the City will proceed with shut-off.
- A final disconnection notice will be delivered to the premises where service is provided no less than 5 business days prior to shut-off and will be in the form of a door hanger.
- Fees to resume service will be reduced to \$50 during normal business hours and \$150 after hours.

Timeline Using Hypothetical \$100 Water Bill with SB 998 Policies and Procedures



ANALYSIS:

Staff believes SB 998 is well intentioned but may ultimately end up having the opposite effect of its intention. Water customers who struggle to pay their water bills under the current system struggle with outstanding balances in the range of \$200-\$300. With payment terms increased from 1-2 weeks to 2-4 months, customers may find themselves facing an outstanding balance of \$400-\$600 or even more. Ultimately, staff believes more of the most vulnerable members of our community may be faced with an outstanding water bill that they have little hope of overcoming.

To help with this unfortunate situation, City staff is actively searching for public assistance grants for water bills.

RECOMMENDATION:

Recommend draft policy for adoption by the City of Fort Bragg City Council.

ALTERNATIVES:

Provide direction to staff for further revisions of the policy.

ATTACHMENTS:

1. SB 998 – Full text
2. Draft Shut-Off Policy
3. Draft – Code Changes