



## Agenda Report

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**File #:** 19-0997

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### **AGENDA REPORT REQUEST FOR CITY COUNCIL AND CORONA UTILITY AUTHORITY ACTION**

**DATE:** 12/04/2019

**TO:** Honorable Mayor and City Council Members  
Honorable President and Board Members

**FROM:** Department of Water and Power

**SUBJECT:**

Public Hearing for City Council and Corona Utility Authority consideration of Ordinance No. 3308 amending Section 13.14.100 of Chapter 13.14 of the Corona Municipal Code related to the discontinuation of water and sewer service for non-payment.

**RECOMMENDED ACTION:**

That the:

1. City Council introduce, by title only, and waive full reading of Ordinance No. 3308, first reading of an ordinance amending Section 13.14.100(B) of the Corona Municipal Code related to the discontinuation of water and sewer service for non-payment to comply with the requirements of Senate Bill No. 998 ("SB 998").
2. City Council direct the City Manager, or his designee, to develop, amend, implement, and approve any administrative policies necessary to implement SB 998 in a manner consistent with State law.
3. Corona Utility Authority (CUA) review, ratify and to the extent necessary direct that the City Council take the above actions.

**ANALYSIS:**

Section 13.14.100 (Billing, Delinquency and Penalties) of Chapter 13.14 (Water and Sewer Regulations) of the Corona Municipal Code (CMC) establishes the process by which water and sewer charges are billed to customers, the assessment of penalties for delinquencies and discontinuation of service for non-payment.

On September 28, 2018, the Governor of California approved SB 998, which is intended to minimize the impact to California residents who lose access to water service due to their inability to pay. SB

998 requires that DWP implement new procedural requirements before residential water service can be discontinued and sets limitations on fees charged to restore water and after termination of water services to those households with an annual income that is less than 200% of the federal poverty line.

The law applies to all urban and community water systems and urban water suppliers, public or private, that provide water to more than 200 service connections, as well as water systems regulated by the Public Utilities Commission. Compliance with SB 998 is required by February 1, 2020.

SB 998 requires adoption of a written policy on the discontinuation of residential water service for nonpayment. The policy and all notices related to discontinuation of residential water service are required to be printed in English, as well as the languages listed in Section 1632 of the Civil Code (Spanish, Chinese, Tagalog, Vietnamese, and Korean) and any other language spoken by 10% or more of the people within the City's service area. The policy must be posted on the City's website and provided upon request.

SB 998 prohibits discontinuation of water service to residential customers until accounts are at least 60 days delinquent. Prior to disconnection, the City is required to provide notice by telephone or in writing that includes certain information regarding the delinquent amount, date of shutoff for non-payment, and a description of the process to apply for an extension, appeal, and available alternative repayment options. Additionally, the City may not discontinue service if all of the following take place:

- A primary care provider certifies that the discontinuation of service will be life threatening or pose a serious threat to the health and safety of the resident.
- The customer demonstrates inability to pay based on receipt of certain public assistance by someone in the household, or a declaration from the customer that the household is below 200% of the federal poverty level.
- The customer is willing to enter into an alternative payment arrangement.

SB 998 also places a limit on reconnection fees to no more than \$50.00, during regular business hours, but not to exceed the actual cost of reconnection if it is less, and \$150 during non-business hours for customers with a household annual income below 200% of the federal poverty line. Under SB 998, reconnection fees shall be subject to an annual adjustment for changes in the Consumer Price Index beginning January 1, 2021. The City currently charges \$40 for reconnection fees during business hours and \$70 during non-business hours for all customers and does not intend to increase the charges unless the actual cost of reconnection increases.

The City must also make considerable attempts to notify renters of single-family dwellings, multiunit residential dwellings and mobile home parks that their service may be discontinued due to non-payments by their landlords and allow them to establish an account under their name without the need to pay the past due balance of their landlord's account. The City is also required to post annually on its website the number of times the City has discontinued service to customers for their inability to pay.

DWP staff proposes to bring the City's rules and regulations into compliance with SB 998 with the following recommended actions:

- Adoption of Ordinance No. 3308 to update Section 13.14.100(B) of the Corona Municipal Code

related to discontinuation of water and sewer service for non-payment. Section 13.14.100(B) sets forth certain timelines for notification concerning delinquent accounts and for discontinuance of service that are inconsistent with SB 998. It is recommended that Section 13.14.100(B) be revised to instead refer to Administrative Policy No. 03620.003 - Disconnection of Water and Sewer Service for Non-Payment, which is currently being developed and will be finalized and approved by the City Manager on or before the effective date of Ordinance No. 3308.

- Adoption of Administrative Policy No. 03620.003 - Disconnection of Water and Sewer Service for Non-Payment related to the discontinuation of water and sewer service for non-payment that meets the requirements of SB 998. Although not required by SB 998, DWP staff proposes that Administrative Policy No. 03620.003 apply to commercial accounts, as well as residential accounts, for administrative efficiency and consistency. As an administrative policy, Administrative Policy No. 03620.003, would be approved by the City Manager.

- Annually report the number of discontinuations of service due to non-payment on the City's website.

**COMMITTEE ACTION:**

Not applicable.

**STRATEGIC PLAN:**

Not applicable.

**FISCAL IMPACT:**

Upon approval of the recommended actions the City will no longer be required to mail a delinquent notice resulting in a savings of approximately \$38,390 annually. However, the City will incur an additional cost for preparation and printing of the notice of discontinuation of service of \$0.15 per page estimated to cost approximately \$2.70 per notice, which includes the policy written in English and the translations to the five languages required by the legislation. DWP staff also anticipates an increase in postage due to the number of pages that will need to be included in the notice. At this time the Department of Water and Power will not be requesting additional funds from to comply with SB 998 until new statistics regarding the number of accounts that need to be noticed for disconnection are collected, once the law goes into effect.

**ENVIRONMENTAL ANALYSIS:**

No environmental review is required because the proposed action is not a project governed by the California Environmental Quality Act.

**PREPARED BY:** JACQUELINE ZUKERAN, BUSINESS MANAGER

**REVIEWED BY:** KATIE HOCKETT, ASSISTANT GENERAL MANAGER

**REVIEWED BY:** KIM SITTON, ACTING ADMINISTRATIVE SERVICES DIRECTOR

**REVIEWED BY:** TOM MOODY, GENERAL MANAGER

**REVIEWED BY:** DEAN DERLETH, CITY ATTORNEY

**SUBMITTED BY:** JACOB ELLIS, CITY MANAGER & EXECUTIVE DIRECTOR

**Attachments:**

1. Ordinance No. 3308 (Redline)
2. Ordinance No. 3308 (Clean)