Updates to Admin Code Section 3700
In Response to CA SB 998

January 28, 2020
New requirements relating to the discontinuation of water service
- SB 998 applies to all urban and community water systems
- Effective February 1, 2020

Staff has been participating in regional working group
- To collaborate and obtain guidance from other staff and legal reps

SB 998 requires modifications to Admin Code Section 3700
- Staff modified and updated policy to meet new legislation
- District legal counsel reviewed and endorsed the modifications
- Information was brought before the FIP on January 9, 2020
SB998 Requirements

• Translation of the discontinuation for non-payment policy is required in Spanish, Chinese, Tagalog, Vietnamese, Korean, and any other languages spoken by at least 10% of the customer base.

• If late/discontinuation notices are returned by mail, the District needs to make a good faith effort to contact the owner/tenant by other means.

• If the mailing address for the customer is an address other than the service address, a copy of the late/discontinuation notice will be required to be sent directly to the service address.

• Mandates that water systems report the number of discontinuations to the State and on its website.
SB998 Requirements

- The amount of the reconnection of service fee must be limited to $50.

- Water systems are prohibited from discontinuing service for non-payment until a customer has been delinquent for at least 60 days.

- Prohibits water systems from discontinuing service if the customer demonstrates that the discontinuation will post a threat to the health and safety of the resident of the premises or if the customer demonstrates that they are financially unable to pay within a normal billing cycle.
  - The customer must be offered the option of a payment arrangement to a maximum of 12 months.
SB998 Requirements

• Requires that water systems allow the actual residential occupant (typically tenants) to sign up for water service if an owner or property manager is the current customer and water service is in danger of being discontinued for non-payment
  • The occupant may sign up for new water service without being responsible for the prior delinquent amount owed by the other party

• In the event that an account that provides water to multiple dwellings by a master meter (apartment complex, mobile home park, etc.) is in danger having water service discontinued due to non-payment, the water system must make a good faith effort to notify all occupants being served by that master meter and provide occupants the opportunity to become customers of the District to avoid discontinuation of service
Impacts of SB998

- Additional staff time and effort for customer service
  - Negotiating and setting up payment plans, verifying documentation, etc.
- Additional time, effort, and costs related to customer noticing
- Potential for increased write-offs from uncollectible accounts
- Potential increased number of collections placement and liens
- Potential impacts to water rates related to subsidizing the cost of providing service to delinquent customers

- Staff will continue to monitor impacts regarding implementation of SB998 and report back to the Board as necessary if changes to the policy or additional resources are requested
Recommendation

Board of Directors approve modifications to Administrative Code Section 3700