

**Administrative Policies
and Procedures Manual**

Policy: Policy on the Discontinuation of Residential Water Service for Non-Payment Pursuant to SB 998

1.0 Purpose

This Policy is intended to comply with Senate Bill 998 – Discontinuation of Residential Water Service, codified in the California Health and Safety Code 116900 *et. seq.*, effective on February 1, 2020, and shall govern Hesperia Water District's ("District") administrative actions for the collection of accounts affecting residential consumers and other non-residential consumer accounts, unless otherwise specified below, including notifications, fee assignments and discontinuation of service.

This Policy is available to the public on the District's website at www.cityofhesperia.us . The District can also be contacted by phone at 760-947-1840 for assistance concerning the payment of water bills and to discuss options for averting discontinuation of water service for nonpayment under the terms of this policy.

2.0 Procedures

A. Rendering and Payment of Bills – Bills for water service will be rendered to each consumer on a bi-monthly basis unless otherwise provided for in the District's rate schedules. Bills for service are due and payable upon presentation and become overdue and subject to discontinuation of service if not paid within sixty (60) days from the date of the bill. Payment may be made at the District's offices or to any representative of the District authorized to make collections. However, it is the consumer's responsibility to assure that payments are received in full by the due date at the District's office. Partial payments are not authorized unless prior approval has been received from the District. Bills will be computed as follows:

1. Meters will be read at regular intervals for the preparation of periodic bills and as required for the preparation of opening bills, closing bills, and special bills.
2. Bills for metered service will show the meter reading for the current and previous meter reading period for which the bill is rendered, the number of units, and billing date.
3. A twenty (20) day grace period starting from the date of the bill will be afforded to the consumer. Payments received after 20 days from the date on bill are subject

to a late charge, as specified in the District's fees and charges, which shall be assessed and added to the outstanding balance on the consumer's account.

4. District's billings shall be paid in legal tender of the United States of America. Notwithstanding the foregoing, the District shall have the right to refuse any payment of such billings in coin.

B. Overdue Bills ("Past Due") – The following rules apply to consumers whose bills remain unpaid for more than sixty (60) days following the bill date:

1. Past Due Notice – If payment for a bill rendered is not received on or before the twenty-first (21st) day following the bill date, a past due notice (the "Past Due Notice") will be mailed to the water service account holder.
2. Notice of Discontinuation of Residential Service for Nonpayment – If payment for a bill rendered is not received on or before the forty-ninth (49th) day following the bill date, the consumer shall be provided notice of impending discontinuation of service via telephone to the contact number on file at least seven (7) business days prior to the possible discontinuation of service date identified in the Past Due Notice. Such telephonic message shall contain the District's offer to provide the consumer with a copy of this Policy and also offer to discuss with the consumer the options for alternative payments, as described in Section 2.1 below, and the procedures for review and appeal of the consumer's bill, as described in Section 2.2 below. For purposes of this Policy, the term "business days" shall refer to any days on which the District's office is open for business.
3. Unable to Contact Customer – If the District's attempt to contact the consumer via telephone message is unsuccessful (undeliverable), the District will visit the residence and leave, or make other arrangements to place in a conspicuous location, a copy of this Policy addressed to "Occupant" and a notice of imminent discontinuation of service for non-payment.
4. Turn-Off Deadline – Payment for water service and other applicable charges must be received in the District offices no later than 4:30 p.m. on the date specified in the Past Due Notice. Postmarks are not acceptable.
5. Restoration of Service - Water service will only be restored upon full payment of all outstanding charges, penalties, deposits, and any and all reconnection charges, such payment shall be in the form of cash or other certified funds.
6. Notification of Returned Check – Upon receipt of a returned payment (returned check/credit card chargeback) rendered as remittance for water service or other charges, the District will consider the account not paid. The District will attempt to notify the consumer by telephone and leave a notice of termination of water service at the premises if unable to make contact with the consumer by telephone. Water service will be disconnected if the amount of the returned check and returned check charge are not paid by the due date specified on the notice, which due date shall not be sooner than the date specified in the Past Due Notice; or if a Past Due Notice had not been previously provided, no sooner than the sixtieth (60th) day after the invoice for which payment by the returned check had been made. To redeem a returned check and to pay a returned check charge, all amounts owing must be paid by cash or certified funds.

7. Returned Check Tendered as Payment for Water Service Disconnected for Non-payment

- (a) If the check tendered and accepted as payment which resulted in restoring service to an account that had been disconnected for non-payment is returned as non-negotiable, the District may disconnect said water service with at least one (1) calendar days' notice. The consumer's account may only be reinstated by receipt of outstanding charges in the form of cash or certified funds. Once the consumer's account has been reinstated, the account will be flagged indicating the fact that a non-negotiable form of payment was issued by the consumer.
- (b) If a second non-negotiable payment is received, the District will no longer accept that form(s) of payment from the consumer for a period of one (1) year. During this time, the District may require the consumer to pay cash or certified funds.

C. Conditions Prohibiting Discontinuation of Residential Water Service – The District shall not discontinue residential water services if all of the following conditions are met:

- 1. Health Conditions – The consumer or tenant of the consumer submits certification of a "Primary Care Provider," as defined in Welfare and Institutions Code Section 14088(b)(1)(A), that discontinuation of water service would (i) be life threatening, or (ii) pose a serious threat to the health and safety of a person residing at the property;
- 2. Financial Inability – The consumer demonstrates he or she is financially unable to pay for water service within the water system's normal billing cycle. The consumer is deemed "financially unable to pay" if any member of the consumer's household is: (i) a current recipient of the following benefits: CalWORKS, CalFresh, general assistance, Medi-Cal, SSI/State Supplementary Payment Program or California Special Supplemental Nutrition Program for Women, Infants and Children; or (ii) the consumer declares the household's annual income is less than 200% of the federal poverty level; and
- 3. Alternative Payment Arrangements – The consumer is willing to enter into an amortization agreement, alternative payment schedule or a plan for deferred or reduced payment, consistent with the provisions of Section 2.1 below.

D. Process for Determination of Conditions Prohibiting Discontinuation of Residential Water Service – The burden of proving compliance with the conditions described in Subdivision (C), above, is on the consumer. In order to allow the District sufficient time to process any request for assistance by a consumer, the consumer is encouraged to provide the District with the necessary documentation demonstrating the medical issues under Subdivision (C)(1), financial inability under Subdivision (C)(2), and willingness to enter into any alternative payment arrangement under Subdivision (C)(3) as far in advance of any proposed date for discontinuation of service as possible. Upon receipt of such documentation, the City Manager, or his or her designee, shall review that documentation and respond to the consumer within seven (7) calendar days to either request additional information, including information relating to the feasibility of the available alternative arrangements, or to notify the

consumer of the alternative payment arrangement, and terms thereof, under Section 2.1 below, in which the District will allow the consumer to participate. If the District has requested additional information, the consumer shall provide that requested information within seven (7) calendar days of the District's request. Within seven (7) calendar days of its receipt of that additional information, the District shall either notify the consumer that the consumer does not meet the conditions under Subdivision (C) above, or notify the consumer in writing of the alternative payment arrangement, and terms thereof, under Section 2.1 below, in which the District will allow the consumer to participate. Consumers who fail to meet the conditions described in Subdivision (C) above, must pay the delinquent amount, including any penalties and other charges, owing to the District within the latter to occur of: (i) two (2) business days after the date of notification from the District of the City Manager's determination the consumer failed to meet those conditions; or (ii) the date of the impending service discontinuation, as specified in the Past Due Notice.

E. Special Rules for Low Income Residential Consumers – Residential consumers are deemed to have a household income below 200% of the federal poverty line if: (i) any member of the consumer's household is a current recipient of the following benefits: CalWORKS, CalFresh, general assistance, Medi-Cal, SSI/State Supplementary Payment Program or California Special Supplemental Nutrition Program for Women, Infants and Children; or (ii) the consumer declares the household's annual income is less than 200% of the federal poverty level. If a consumer demonstrates either of those circumstances, then the following apply:

1. Reconnection Fees – If service has been discontinued and is to be reconnected, then any reconnection fees during the normal operating hours of the District's Field Staff cannot exceed \$50, and reconnection fees during non-operating hours of the District's Field Staff cannot exceed \$150. Those fees cannot exceed the actual cost of reconnection if that cost is less than the statutory caps. Those caps may be adjusted annually for changes in the Consumer Price Index (CPI) –for the Riverside - San Bernardino - Ontario area beginning January 1, 2021. Normal operating hours of the District's Field Staff are Monday through Thursday from 6:30 am to 4:00 pm and on Friday from 6:30 am to 3:00 pm.
2. Interest Waiver – The District shall waive interest charges on delinquent bills once every 12 months.

F. Landlord-Tenant – The below procedures apply to individually metered detached single-family dwellings, multi-unit residential structures, and mobile home parks where the property owner or manager is the customer of record and is responsible for payment of the water bill.

1. Required Notice

- (a) At least ten (10) calendar days prior if the property is a multi-unit residential structure or mobile home park, or seven (7) calendar days prior if the property is a detached single-family dwelling, to the possible discontinuation of water service, the District shall make a good faith effort to inform the tenants/occupants at the property by written notice that the water service will be discontinued.

- (b) The written notice must also inform the tenants/occupants that they have the right to become customers to whom the service will be billed (see Subdivision 2 below), without having to pay any of the then delinquent amounts.

2. Tenants/Occupants Becoming Customers

- (a) The District is not required to make service available to the tenants/occupants unless each tenant/occupant agrees to the terms and conditions for service and meets the District's requirements and rules.
- (b) However, if (i) one or more of the tenants/occupants assumes responsibility for subsequent charges to the account to the District's satisfaction, or (ii) there is a physical means to selectively discontinue service to those tenants/occupants who have not met the District's requirements, then the District may make service available only to those tenants/occupants who have met the requirements.
- (c) If prior service for a particular length of time is a condition to establish credit with the District, then residence at the property and proof of prompt payment of rent for that length of time, to the District's satisfaction, is a satisfactory equivalent.

2.1 Alternative Payment Arrangements for Residential Consumers – Section 2.1 shall apply only to residential consumer accounts. For any residential consumer who meets the three conditions under Section 2.0(C) above, in accordance with the process set forth in Section 2.0(D) above, the District shall offer the consumer one of the following alternative payment arrangements, to be selected by the District in its sole discretion: (i) amortization of the unpaid balance under Subdivision (A) below; (ii) alternative payment schedule under Subdivision (B) below; (iii) partial or full reduction of unpaid balance under Subdivision (C) below; or (iv) temporary deferral of payment under Subdivision (D) below. The City Manager, or his or her designee, shall, in the exercise of reasonable discretion, select the most appropriate alternative payment arrangement after reviewing the information and documentation provided by the consumer and taking into consideration the consumer's financial situation and District's payment needs.

A. Amortization – If the City Manager, or his or her designee, selects the amortization plan for the consumer, the consumer must enter into a written amortization plan with the District in accordance with the following terms:

1. Term – The consumer shall pay the unpaid balance, with the administrative fee and interest as specified in Subdivision (2) below, over a period not to exceed twelve (12) months, as determined by the City Manager or his or her designee; provided, however, that the City Manager or his or her designee, in their reasonable discretion, may apply an amortization term of longer than twelve (12) months to avoid undue hardship on the consumer. The unpaid balance, together with the applicable administrative fee and any interest to be applied, shall be divided by the number of months in the amortization period and that amount shall be added each month to the consumer's ongoing monthly bills for water service.
2. Administrative Fee; Interest – For any approved amortization plan, the consumer will be charged an administrative fee, in the amount established by the District

from time to time, representing the cost to the District of initiating and administering the plan. At the discretion of the City Manager or his or her designee, interest at an annual rate not to exceed eight percent (8%) shall be applied to any amount to be amortized under this Subsection A.

3. Compliance with Plan – The consumer must comply with the amortization plan and remain current as charges accrue in each subsequent billing period. The consumer may not request further amortization of any subsequent unpaid charges while paying delinquent charges pursuant to an amortization plan. Where the consumer fails to comply with the terms of the amortization plan for sixty (60) calendar days or more, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, the District may discontinue water service to the consumer's property at least five (5) business days after the District posts at the consumer's residence a final notice of its intent to discontinue service.
- B. Alternative Payment Schedule – If the City Manager, or his or her designee, selects an alternative payment schedule for the consumer, the consumer must enter into a written alternative payment schedule with the District in accordance with the following terms:
1. Repayment Period – The consumer shall pay the unpaid balance, with the administration fee and interest as specified in Subdivision (2) below, over a period not to exceed twelve (12) months, as determined by the City Manager or his or her designee; provided, however, that the City Manager or his or her designee, in their reasonable discretion, may extend the repayment period for longer than twelve (12) months to avoid undue hardship on the consumer.
 2. Administrative Fee; Interest – For any approved alternative payment schedule, the consumer will be charged an administrative fee, in the amount established by the District from time to time, by resolution or ordinance of the City Council, representing the cost to the District of initiating and administering the schedule. At the discretion of the City Manager or his or her designee, interest at an annual rate not to exceed eight percent (8%) shall be applied to any amounts to be amortized under this Subsection B.
 3. Schedule – The City Manager or his or her designee shall develop an alternative payment schedule. The alternative schedule may provide for periodic lump sum payments that do not coincide with the District's established payment date, may provide for payments to be made more frequently than monthly, or may provide that payments be made less frequently than monthly, provided that in all cases, subject to Subdivision (1) above, the unpaid balance and administrative fee shall be paid in full over a period not to exceed twelve (12) months of establishment of the payment schedule. The agreed upon schedule shall be set forth in writing and be provided to the consumer.
 4. Compliance with Plan – The consumer must comply with the agreed upon payment schedule and remain current as charges accrue in each subsequent billing period. The consumer may not request a longer payment schedule for any subsequent unpaid charges while paying delinquent charges pursuant to a previously agreed upon schedule. Where the consumer fails to comply with the terms of the agreed upon schedule for sixty (60) calendar days or more, or fails to pay the consumer's current service charges for sixty (60) calendar days or more,

the District may discontinue water service to the consumer's property at least five (5) business days after the District posts at the consumer's residence a final notice of its intent to discontinue service.

- C. Reduction of Unpaid Balance – If the District has selected this alternative, the consumer shall receive a reduction of the unpaid balance owed by the consumer, not to exceed thirty percent (30%) of that balance without approval of and action by the Water District Board; provided that any such reduction shall be funded from a source that does not result in additional charges being imposed on other District customers. The proportion of any reduction shall be determined by the consumer's financial need, the District's financial condition and needs, and the availability of funds to offset the reduction of the consumer's unpaid balance.
1. Repayment Period – The consumer shall pay the reduced balance by the due date determined by the City Manager or his or her designee, which date (the "Reduced Payment Date") shall be at least fifteen (15) calendar days after the effective date of the reduction of the unpaid balance.
 2. Compliance with Reduced Payment Date – The consumer must pay the reduced balance on or before the Reduced Payment Date, and must remain current in paying in full any charges that accrue in each subsequent billing period. If the consumer fails to pay the reduced payment amount within sixty (60) calendar days after the Reduced Payment Date, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, the District may discontinue water service to the consumer's property at least five (5) business days after the District posts at the consumer's residence a final notice of its intent to discontinue service.
- D. Temporary Deferral of Payment – If the District has selected this alternative, the consumer shall have payment of the unpaid balance temporarily deferred for a period of up to six (6) months after the payment is due. The District shall determine, in its discretion, how long of a deferral shall be provided to the consumer.
1. Repayment Period – The consumer shall pay the unpaid balance by the deferral date (the "Deferred Payment Date") determined by the City Manager or his or her designee. The Deferral Payment Date shall be within twelve (12) months from the date the unpaid balance became delinquent; provided, however, that the City Manager or his or her designee, in their reasonable discretion, may establish a Deferred Payment Date beyond that twelve (12) month period to avoid undue hardship on the consumer.
 2. Compliance with Reduced Payment Date – The consumer must pay the reduced balance on or before the Deferred Payment Date, and must remain current in paying in full any charges that accrue in each subsequent billing period. If the consumer fails to pay the unpaid payment amount within sixty (60) calendar days after the Deferred Payment Date, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, the District may discontinue water service to the consumer's property at least five (5) business days after the District posts at the consumer's residence a final notice of its intent to discontinue service.

2.2 Appeals – The procedure to be used to appeal the amount set forth in any bill for residential water service is as follows:

A. Consumer Dispute of Charges to District – In cases where a consumer asserts that a water service bill has been calculated in error, the consumer may dispute such water service charge(s) and request a review of the bill rendered by the District as follows:

1. **Consumer Dispute of Bill/Past Due Notice** – Within twenty-one (21) days of the original bill date for water service, the consumer may dispute charge(s) rendered by the District and request a review of such charge(s) for accuracy. The Dispute of Charges must be made in writing, must include documentation supporting the appeal and the reason for the appeal, and be delivered to the District's office. For so long as the consumer's dispute and any resulting investigation is pending, the District shall not discontinue water service to the consumer.
2. Within fourteen (14) calendar days of receiving a consumer dispute, a review will be conducted by the District.
 - (a) If water charges are determined to be incorrect, the District will provide a corrected bill and payment of the revised charges will be due within ten (10) calendar days of the bill for revised charges. If the revised charges remain unpaid for more than sixty (60) calendar days after the corrected bill is provided, water service will be disconnected after expiration of that sixty (60) calendar day period; provided that the District shall provide the consumer with the Past Due Notice in accordance with Section 2.0 (B) above.
 - (b) If the water charges in question are determined to be correct, the bill is due and payable within two (2) business days after the District's notification. Water service to the referenced property is subject to disconnection if the charges remain unpaid the latter of: (i) two (2) business days after the District's notification that the billed charges are valid, or (ii) sixty (60) calendar days from the original bill date; provided that the District shall provide the consumer with the Past Due Notice in accordance with Section 2.0 (B) above.
 - (c) Any consumer whose dispute has resulted in an adverse determination by the District may appeal the determination within seven (7) calendar days from the District's notification to the Appeals Officer. Such appeal shall be in writing and must include documentation supporting the appeal.

B. Appeal to Appeals Officer– Following receipt of a request for an appeal under Subsection A above, an evaluation shall be conducted by the Director of Finance, or his or her designee (the "Appeals Officer"). The Appeals Officer shall evaluate the evidence presented by the consumer, as well as the information on file with the District concerning the water charges in question, and render a decision as to the accuracy of said charges.

1. If the water charge(s) are determined to be incorrect by the Appeals Officer, the District will provide a corrected bill and payment of the revised charges will be due within ten (10) calendar days of the bill for revised charges. If the revised charges remain unpaid for more than sixty (60) calendar days after the corrected bill is provided, water service will be disconnected after expiration of that sixty (60)

calendar day period; provided that the District shall provide the consumer with the Overdue Notice in accordance with Section 2.0(B) above.

2. If the water charges in question are determined to be correct by the Appeals Officer, the bill is due and payable within two (2) business days after the Appeals Officer's decision is rendered. Water service to the referenced property is subject to disconnection if the charges remain unpaid the latter of: (i) two (2) business days after the Appeals Officer's decision is rendered to the consumer, or (ii) sixty (60) calendar days from the original bill date; provided that the District shall provide the consumer with the Past Due Notice in accordance with Section 2.0(B) above.
3. Any overcharges will be reflected as a credit on the next regular bill to the consumer, or refunded directly to the consumer, at the sole discretion of the District.
4. Water service to any consumer shall not be discontinued at any time during which the consumer's appeal to the Appeals Officer is pending.
5. The Appeals Officer's decision shall be final and binding.

2.3 Restoration of Service – For water service that has been discontinued by the District due to non-payment, water service will only be restored upon full payment of all outstanding charges, penalties, deposits, and any and all applicable reconnection charges. The referenced payment shall be in the form of cash or other certified funds. The District will endeavor to make such reconnection as soon as practicable as a convenience to the consumer. The District shall make the reconnection no later than the end of the next regular working day following the consumer's request and receipt of referenced fees/charges.

Reviewed and Recommended for Approval by:



Casey Brooksher
Director of Finance

Approved by:



Nils Bentsen
General Manager