



## MEMORANDUM

**TO: CITY COUNCIL**

**FROM: NICOLE VALENTINE, ACCOUNTING MANAGER**

**SUBJECT: CONSIDERATION OF ADOPTION OF AN ORDINANCE AMENDING THE MUNICIPAL CODE RELATING TO DELINQUENT WATER BILLS IN COMPLIANCE WITH THE WATER SHUTOFF PROTECTION ACT (SENATE BILL 998) AND ADOPTION OF A RESOLUTION REDUCING THE ADMINISTRATIVE SERVICES DEPARTMENT WATER RECONNECTION FEE SET FORTH IN THE MASTER FEE SCHEDULE**

**DATE: JANUARY 14, 2020**

### **SUMMARY OF ACTION:**

Adoption of an Ordinance amending the Municipal Code relating to delinquent water bills in compliance with Senate Bill (SB) 998 and adoption of a Resolution reducing the Administrative Services Department Water Reconnection Fee set forth in the Master Fee Schedule.

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

There will be an impact to personnel resources as it relates to staff time for reviewing eligibility documents submitted by customers and setting up alternative payment arrangements. There will be a reduction in revenue of approximately \$12,000 per year due to the reduction in the fee for nonpayment of residential water service, as well as an impact to staff time for annually reporting the number of service discontinuations for nonpayment to the State Water Resources Control Board and posting the report on the City website. There will also be an additional estimated cost of \$1,200 to translate the policy into five (5) languages.

### **RECOMMENDATION:**

It is recommended that the City Council: 1) adopt an Ordinance amending Section 13.04.070 of Chapter 13.04 of Title 13 of the Arroyo Grande Municipal Code related to delinquent water bills; and 2) adopt a Resolution reducing the Administrative Services Department Water Reconnection Fee set forth in the Master Fee Schedule.

### **BACKGROUND:**

On December 10, 2019, the City Council introduced an Ordinance, without modification, amending Section 13.04.070 of the AGMC relating to delinquent water bills in compliance with the Water Shutoff Protection Act (SB 998). The City Council also adopted a Resolution establishing a policy on the discontinuation of residential water service for nonpayment in compliance with SB 998.

**CITY COUNCIL**

**CONSIDERATION OF ADOPTION OF AN ORDINANCE AMENDING THE MUNICIPAL CODE RELATING TO DELINQUENT WATER BILLS IN COMPLIANCE WITH THE WATER SHUTOFF PROTECTION ACT (SENATE BILL 998) AND ADOPTION OF A RESOLUTION REDUCING THE ADMINISTRATIVE SERVICES DEPARTMENT WATER RECONNECTION FEE SET FORTH IN THE MASTER FEE SCHEDULE**

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**ANALYSIS OF ISSUES:**

The Ordinance is now ready for adoption. The Ordinance will become effective thirty days after final passage. Adoption of the Resolution will reduce the current water shut off fee from \$90 to \$50 in compliance with the shut-off fee limitations set forth in SB 998.

**ALTERNATIVES:**

The following alternatives are provided for the Council's consideration:

1. Adopt the Ordinance amending Section 13.04.070 of the Municipal Code relating to delinquent water bills, and adopt a Resolution reducing the Administrative Services Department Water Reconnection Fee set forth in the Master Fee Schedule;
2. Modify and reintroduce the Ordinance, and adopt the Resolution; or
3. Provide other direction to staff.

**ADVANTAGES:**

Adoption of the Ordinance and Resolution will keep the City of Arroyo Grande current and compliant with State law. The adoption of this Ordinance will also provide assistance to low income water customers within the City limits.

**DISADVANTAGES:**

The City will not be collecting full cost recovery for performing water service shutoffs. Extending payment terms to customers can create a situation where they become up to 4 months past due before service is shut off for non-payment.

**ENVIRONMENTAL REVIEW:**

No environmental review is required for this item.

**PUBLIC NOTIFICATION AND COMMENTS:**

A summary of the Ordinance was published in The Tribune on Monday, December 16, 2019 pursuant to State law. The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

**ORDINANCE NO.**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AMENDING SECTION 13.04.070 OF CHAPTER 13.04 OF TITLE 13 OF THE ARROYO GRANDE MUNICIPAL CODE RELATING TO DELINQUENT WATER BILLS**

**WHEREAS**, the City Council of the City of Arroyo Grande (“City”) may, by ordinance, adopt rules and regulations for the operation of the water department and for furnishing water to customers and may, by resolution establish the rates, charges, deposits, and penalties; and

**WHEREAS**, the Water Shutoff Protection Act, codified at 116900 et seq. of the California Health and Safety Code, requires all urban water suppliers to adopt a written policy on the discontinuation of residential service for nonpayment; and

**WHEREAS**, the written policy must include a plan for deferred or reduced payments; alternative payment schedules; a formal mechanism for a customer to contest or appeal a bill; and a telephone number for a customer to contact to discuss options for averting discontinuation of residential service for nonpayment; and

**WHEREAS**, the Water Shutoff Protection Act applies only to residential connections; and

**WHEREAS**, the City intends to adopt a Policy by Resolution on the Discontinuation of Residential Water Service for Nonpayment to comply with the requirements of the Water Shutoff Protection Act; and

**WHEREAS**, the City Council now wishes to amend Section 13.04.070 of its Municipal Code to differentiate between delinquent residential accounts and nonresidential accounts and to provide for the adoption of the City’s Policy on the Discontinuation of Residential Water Service for Nonpayment by resolution.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE DOES ORDAIN AS FOLLOWS:**

**SECTION 1.** The above recitals are true and correct and are incorporated herein by this reference.

**SECTION 2.** Section 13.04.070 of Chapter 13.04 of Title 13 of the Arroyo Grande Municipal Code is hereby amended in its entirety to read as follows:

**13.04.070 - Delinquent bills—Discontinuance of services.**

A. All meters shall be read by the water department as provided in Section 13.04.100 of this chapter, and all bills for water or service shall be due and payable at City Hall

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upon presentation. All water bills remaining unpaid for a period of thirty (30) days shall thereupon become past due.

1. Non-Residential Accounts. Where water bills so become past due, notification will be delivered of such status and a late fee levied. All water bills remaining unpaid for a period of forty-one (41) days since issuance shall become delinquent. Where water bills so become delinquent, service may be shut off at any time after a ten (10) day written notice; and such accounts shall be subject to the water turn-off and turn-on charge provided for in this section. The director of Administrative Services or Public Works Director, at his or her discretion, may cause a meter reading to be made at any time; and thereupon the bill for water used since the previous reading shall become immediately due and payable and shall become past due on the thirtieth day following the mailing or presentation of such bill; and such accounts shall be subject to the late-fee charge, water turn-off and turn-on charge provided for in Section 13.04.030 of this chapter.
2. Residential Accounts. Where water bills so become past due, residential accounts will be handled in accordance with the City's Policy on Discontinuation of Residential Water Service for Nonpayment, which shall be adopted by resolution of the City Council, as the same may be amended from time to time.

**B. Discontinuance of Service for Violations.**

1. Non-Residential Accounts. The water rates, charges, and penalties set forth in this chapter shall be charged against the property upon which such water or service is furnished and against the owner thereof. If for any cause, any of such sums owing become delinquent and unpaid, or if any of the other terms of this chapter or the rules and regulations established as a condition to the use of water are not complied with, the water may be shut off. If there has been no bona fide change in ownership, the water shall not be turned on to the same property until all such charges, delinquencies and penalties have been paid in full, including the additional amount as described in Section 13.04.030 of this chapter for the expense of turning water off and on.
2. Residential Accounts. If any of the terms of this chapter or the rules and regulations established as a condition to the use of water other than non-payment are not complied with, including but not limited to those set forth in Section 13.04.140 – Unlawful Acts, the water may be shut off. Water may only be shut off for non-payment in accordance with the City's Policy on Discontinuation of Residential Water Service for Nonpayment as the same may be amended from time to time.
3. The Administrative Services Director or Public Works Director may, at his or her discretion, shut off the water, for a period not exceeding three months, upon the written request of the owner of any premises upon

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which such water or service is furnished, provided no delinquency exists in the payment of charges and penalties for water service.

**SECTION 3.** A summary of this Ordinance shall be published in a newspaper published and circulated in the City of Arroyo Grande at least five (5) days prior to the City Council meeting at which the proposed Ordinance is to be adopted. A certified copy of the full text of the proposed Ordinance shall be posted in the office of the City Clerk. Within fifteen (15) days after adoption of the Ordinance, the summary with the names of those City Council members voting for and against the Ordinance shall be published again, and the City Clerk shall post a certified copy of the full text of such adopted Ordinance.

**SECTION 4.** This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage.

**SECTION 5.** If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

On motion by Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and by the following roll call vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

the foregoing Ordinance was adopted this 14<sup>th</sup> day of January, 2020.

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\_\_\_\_\_  
**CAREN RAY RUSSOM, MAYOR**

**ATTEST:**

\_\_\_\_\_  
**KELLY WETMORE, CITY CLERK**

**APPROVED AS TO CONTENT:**

\_\_\_\_\_  
**JAMES BERGMAN, CITY MANAGER**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**TIMOTHY J. CARMEL, CITY ATTORNEY**

**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE REDUCING THE ADMINISTRATIVE SERVICES DEPARTMENT WATER RECONNECTION FEE SET FORTH IN THE MASTER FEE SCHEDULE**

**WHEREAS**, on December 11, 2007, the City Council adopted Resolution No. 4060 approving a Citywide Master Fee Schedule; and

**WHEREAS**, operating fees are intended to be paid by persons utilizing the program or service and to reimburse the City for the actual cost of said program or service; and

**WHEREAS**, on January 14, 2020, the City Council adopted Ordinance No. \_\_\_\_ in compliance with the Water Shutoff Protection Act (Senate Bill 998) and on December 10, 2019 adopted Resolution No. 4955 establishing a policy on the discontinuation of residential water service for nonpayment; and

**WHEREAS**, the proposed reduction in the water reconnection fee complies with the provisions of SB 998; and

**WHEREAS**, at a duly noticed public meeting, the City Council considered all verbal and written presentations that were made regarding the proposed fee reduction.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Arroyo Grande hereby amends the Water Reconnection Fee set forth in the Master Fee Schedule which is attached hereto as Exhibit A and incorporated herein by this reference as though set forth in full.

**BE IT FURTHER RESOLVED** by the City Council that this Resolution shall be effective February 1, 2020.

On motion of Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and on the following roll call vote to wit:

**AYES:**  
**NOES:**  
**ABSENT:**

the foregoing Resolution was passed and adopted this 14<sup>th</sup> day of January, 2020.

**RESOLUTION NO.  
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**CAREN RAY RUSSOM, MAYOR**

**ATTEST:**

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**KELLY WETMORE, CITY CLERK**

**APPROVED AS TO CONTENT:**

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**JAMES A. BERGMAN, CITY MANAGER**

**APPROVED AS TO FORM:**

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**TIMOTHY J. CARMEL, CITY ATTORNEY**



**City of Arroyo Grande  
 MASTER FEE SCHEDULE  
 Fiscal Year 2019-20  
 ADMINISTRATIVE SERVICES**

Fee Description	FY 2019-20 Fee
<b>Utility Fees and Penalties:</b>	
Renter's Deposit	180.00
New Utility Account Set Up Fee	40.00
Past Due Penalty (% of Past Due Total)	10%
Lock Cut Replacement Fee	15.00
Reconnection Fee (Reconnect by City Personnel)	<del>90.00</del> 50.00
Unauthorized Reconnection Fee (Reconnect by non-City Personnel)	180.00

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