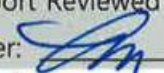


Agenda Report Reviewed by:  
City Manager: 

CITY OF SEBASTOPOL  
CITY COUNCIL  
AGENDA ITEM

**Meeting Date:** December 20, 2022  
**To:** Honorable Mayor and Honorable City Councilmembers  
**From:** Ana Kwong, Administrative Services Director  
**Subject:** Approval of Utility Collection Policy/Procedures  
**Recommendation:** City Council Approve the Utility Collection Policy/Procedures

**Funding:** Currently Budgeted: \_\_\_\_\_ Yes \_\_\_\_\_ No  X  N/A  
Net General Fund: \$0  
Amount: \$

Account Code/Costs authorized in City Approved Budget AK (verified by Administrative Services Department)

**INTRODUCTION/PURPOSE:**

This item is to request that the City Council Approve the Utility Collection Policy/Procedures.

**BACKGROUND:**

On December 19, 2019, pursuant to Senate Bill (SB) 998, the City Council adopted a detailed written policy concerning residential service shutoff for nonpayment and make the policy available on its website [https://www.ci.sebastopol.ca.us/SebastopolSite/media/Documents/water\\_swerv\\_utility/Collection-Delinquent-Policy-93-pursuant-to-SB998.pdf?ext=.pdf](https://www.ci.sebastopol.ca.us/SebastopolSite/media/Documents/water_swerv_utility/Collection-Delinquent-Policy-93-pursuant-to-SB998.pdf?ext=.pdf) . This Water Shutoff Protection Act, was signed by former Governor Jerry Brown in September 2018. This legislation remains in effect currently related to discontinuing water service for delinquent accounts. There’s no proposed change to the SB998.

The Utilities Billing & Collection Division commit to make every effort to provide the highest level of customer service available to over 3,000 accounts. With water customers cooperation, we will protect the economic investment in the services the City provides. City Staff is here to serve the citizens of the City of Sebastopol and will endeavor to treat every customer equally and fairly.

**DISCUSSION:**

In an effort to provide City staff the tools to manage the billing of utility services of its citizen accounts accurately, promptly, effectively and in the best practice manner, this policy will help guide staff how to handle event that arise from billing such as:

1. New Accounts, Transfers, and Discontinuation of Service
2. Deposits & Fees
3. Billing & Backbilling
4. Late and/or Returned Payments
5. Leak Credits

The adoption of this policy is in addition to the State of California Water Shutoff Protection Act, also referred to as Senate Bill No. 998: Discontinuation of Residential Water Service (see Policy No.93). This Policy does not prevent staff from creating supplemental procedures to provide efficient, transparent and best practice services for daily operations.

**CITY COUNCIL AND/OR GENERAL PLAN GOALS:**

Goal EV7: Maintain a stable and self-sustaining fiscal base in order to generate the resources necessary to provide desired City services and support new growth that is consistent with City’s values and goals.

Goal CSF 3: Provide an Adequate, Clean, Safe, and Environmentally Sound Water Supply to All Existing and Future Water Users in Sebastopol.

**PUBLIC COMMENT:**

As of the writing of this staff report, the City has not received any public comment. However, staff anticipates receiving public comment from interested parties following the publication and distribution of this agenda item report. Such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, a consent calendar item may be requested to be removed from the consent calendar if a member of the Council public requests to provide public comment on this item.

**PUBLIC NOTICE:**

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to schedule meeting date.

**FISCAL IMPACT:**

No fiscal impact.

**RECOMMENDATION:**

That the City Council Approve the Utility Collection Policy/Procedures.

**Attachment:**

Collection (Delinquent) Policy No. 93  
Utility Billing Collection Policy/Procedures  
Resolution

**CITY OF SEBASTOPOL**  
**Collection (Delinquent) Policy No. 93**



## Overview

To establish the policy, procedures and guidelines in response to Senate Bill No. 998: Discontinuation of Residential Water Service. California Government Code Sections 60370-60375.5

## Purpose/Background

This policy enumerates City of Sebastopol's administrative actions for the collection of delinquent accounts, including notifications, fee assignments and discontinuation of service. This policy will be made available to the public on the City's website. The City can be contacted by phone at (707) 823-7863 to discuss options for averting discontinuation of water service for nonpayment under the terms of this policy.

## Text of Policy

City of Sebastopol, as an agency of the state, is governed in the execution of the collection of delinquent accounts by California Government Code Sections 60370 – 60375.5. Furthermore, as an urban or community water system that supplies water to more than 3000 service connections, the City is further governed, effective by law February 1, 2020, by Senate Bill No. 998.

### Delinquent Account:

Delinquent accounts are hereafter identified as any account that remains unpaid (and without having made payment arrangements or established an alternative payment schedule) by close of business 30 days after issuance of the water bill. The following rules apply to the collection of delinquent accounts:

1. Small Balance Accounts:

Any balance on a bill of \$50 or less may be carried over, and added to, the next billing period without being assessed a late fee or incurring further collection action.

2. Late Fee:

If payment for a bill is not received by close of business on the 31st day after the bill is issued, a late fee will be assessed. The due date and late fee will be displayed prominently on the bill.

3. Waiver of Late Fee:

At the request of the customer, the City will waive the late fee if there are extenuating circumstances and the customer has not been assessed a late fee for delinquent payment in the preceding 6 months.

4. Alternative Payment Arrangements:

Any customer who is unable to pay for water service within the normal payment period may request an alternative payment arrangement to avoid late fees or disruption of service. The City will consider all circumstances surrounding the request and make a determination as to whether the payment arrangement is warranted.

a. Certification by Primary Care Provider

Certification by a Primary Care Provider (General Practitioner, Obstetrician, Gynecologies, Pediatrician, Family Practice Physician, Primary Care Clinic, Hospital, or Outpatient Clinic) who certifies that the termination of service will be life-threatening or

pose a serious threat to the health and safety of any resident of the premises where water service is provided will obligate the City to enter an amortized repayment plan.

Payment arrangements that extend into the next billing period are considered an amortization plan, which must be in writing and signed by the customer. An amortization plan will amortize the unpaid balance over a period defined by the customer, not to exceed 12 months from the original date of the bill. Failure to comply with the terms of an amortization plan will result in the issuance of a written disconnection notice. The disconnection notice will be in the form of a door hanger delivered to the premises no less than 7 business days in advance of discontinuance of service.

5. Additional Notifications:

As a courtesy, the City will make a reasonable, good faith effort to notify the customer that the account remains past due and further collection action will be forthcoming approximately 60 days after bill issuance. The means of notification will be notified by phone. The City assumes no responsibility for phone or email contact information that has not been kept up-to-date by the customer.

6. Written Disconnection Notice:

The City shall not discontinue water service for non-payment until payment by the customer has been delinquent for at least 60 days. The City will make a reasonable, good faith effort to contact the customer in writing at least 7 business days before discontinuation of water service for non-payment. The written disconnection notice will be mailed to the mailing address designated on the account. If the mailing address and the address of the property to which water service is provided are different, a second notice will be mailed to the service address and addressed to "Occupant". The written disconnection notice will include:

- Customer's name and address
- Amount that is past due
- Date by which payment or payment arrangements are required to avoid discontinuation of service
- Description of the process to apply for an amortization plan
- Description of the process to dispute or appeal a bill
- City phone number and a web link to the City's written collection policy

a. Notice to Residential Tenants/Occupants in an Individually Metered Residence

The City will make a reasonable, good faith effort to inform the occupants, by means of written notice, when the water service account is in arrears and subject to disconnection at least 7 days before water service is shut off. The written notice will advise the tenant/occupant that they have the right to become customers of the City without being required to pay the amount due on the delinquent account, as long as they are willing to assume financial responsibility for subsequent charges for water service at that address. The tenant/occupant must provide verification of tenancy in the form of a rental agreement or proof of rent payments.

b. Notice to Tenants/Occupants in a Multi-Unit Complex Served through a Master Meter

The City will make a reasonable, good faith effort to inform the occupants, by means of written notice hung on the door of each residence, when the water service account is in arrears and subject to disconnection at least 7 days before water service is shut off.

If the written disconnection notice is returned through the mail as undeliverable, the City will make a reasonable, good faith effort to visit the residence and leave a notice of discontinuance for non-payment.

7. Forty-eight (48) Hour Notice of Termination:

The City will make a reasonable, good faith effort to notify the customer 48 hours in advance of disconnection of water service for non-payment. The means of notification will be notified by phone. If the City is unable to make contact by phone, a good faith effort will be made to visit the residence and leave a notice of termination of service.

8. Disconnection Deadline:

All delinquent water service charges and associated fees must be received by the City 5:00p.m. on the day specified in the written disconnection notice.

9. Disconnection of Water Service for Non-Payment:

The City will disconnect water service by turning off, and in some cases locking off, the meter. Before service is disconnected, the customer will be notified by a written disconnection notice at least 7 business days prior to termination and a second notice 48 hours prior to termination of service. The customer will be charged a fee to re-establish service in the billing system regardless of whether the meter has physically been turned off. The meter will be locked in the off position if payment is not received within 5 days of initial termination.

10. Re-connection of Service:

In order to resume or continue service that has been disconnected for non-payment, the customer must pay a re-connection fee. The City will endeavor to reconnect service as soon as practicable but, at a minimum, will restore service before the end of the next regular working day following payment of any past due amount and delinquent fees attributable to the termination of service. Water service that is turned on by any person other than City personnel or without City authorization may be subject to fines or additional charges or fees. Any damages that occur as a result of unauthorized restoration of service are the responsibility of the customer.

11. Re-connection of Service After Business Hours:

Service restored after 5:00 pm Monday through Thursday, weekends (Friday through Sunday), or holidays will be charged an after-hours call out fee. The after-hours re-establishment fee is in addition to the regular re-establishment fee and the late fee for a past due account.

Sometimes water service is discontinued because the service is a new account and the City has not received a request to establish service. If service is being restored after regular business hours because the customer has yet to establish service, the customer must agree to contact the water billing department to establish service the next business day and the after-hours re-establishment will be waived. If service is discontinued for any reason not identified above, the service should be restored as quickly as possible and the customer advised to contact the water billing department to resolve the issue. No after-hours re-establishment fee will be charged in this instance.

12. Notification of Disposition of Returned Check:

Upon receipt of a returned check taken as payment of water service or other charges, the City will consider the account not paid. The City will make a reasonable, good faith effort to notify the customer by phone or email of the returned check. A 48-hour notice of termination of service due to a returned check will be generated. The means of notification will be by phone. If the

City is unable to make contact by phone, a good faith effort will be made to visit the residence and leave a notice of termination of service.

Water service will be disconnected if the amount of the returned check and the returned check charge are not paid on or before the date specified in the notice of termination. All amounts paid to redeem a returned check and to pay the returned check charge must be in cash, credit card or certified funds.

13. Returned Checks for Previously Disconnected Service:

In the event a customer tenders a non-negotiable check as payment to restore water service previously disconnected for non-payment and the City restores service, the City may promptly disconnect service without providing further notice. No 48-hour notice of termination will be given in the case of a non-negotiable check tendered for payment of water charges that were subject to discontinuance.

Any customer issuing a non-negotiable check as payment to restore service turned off for non-payment will be required to pay cash, credit card or certified funds to restore future service disconnections for a period of 12 months from the date of the returned payment.

14. Disputed Bills:

If a customer disputes the water bill and exercises their right to appeal to the City Manager or his/her designee, the City will not disconnect water service for non-payment while the appeal is pending.

# City of Sebastopol

## COUNCIL POLICY



SUBJECT	RESO NO	POLICY NO	EFF DATE	PAGE
UTILITY BILLING COLLECTION POLICY/PROCEDURES		94	12/20/2022	1 of 4

### I. PURPOSE

The purpose of this policy is to establish set parameters that are fair and equitable means of addressing the billing of municipal utility services for over and/or under collection of utility service charges due to billing errors or oversights provided by the City. On occasion, the City identifies circumstances in which users of the City's utility system have not been properly billed, or have been billed for services not received. In these instances, it is appropriate to back bill for services provided or refund service charges collected in excess. This policy also provides accurate and prompt services in accordance with City's Municipal Code, California Laws and City Fee Schedule.

### II. POLICY EXPLANATION

The City provides utility billing for water and sewer services. This policy addresses how staff will handle:

1. New Accounts, Transfers, and Discontinuation of Service
2. Deposits & Fees
3. Billing & Back Billing
4. Late and/or Returned Payments
5. Leak Credits

The adoption of this policy is in addition to the State of California Water Shutoff Protection Act, also referred to as Senate Bill No. 998: Discontinuation of Residential Water Service (see Policy No.93). [https://www.ci.sebastopol.ca.us/SebastopolSite/media/Documents/water\\_sewer\\_utility/Collection-Delinquent-Policy-93-pursuant-to-SB998.pdf?ext=.pdf](https://www.ci.sebastopol.ca.us/SebastopolSite/media/Documents/water_sewer_utility/Collection-Delinquent-Policy-93-pursuant-to-SB998.pdf?ext=.pdf)

This Policy does not prevent staff from creating supplemental procedures to provide efficient, transparent and best practice services for daily operations.

Any questions about the Policy should be directed to City staff at (707) 823-7863 or via email [customerservice@cityofsebastopol.org](mailto:customerservice@cityofsebastopol.org)

#### 1. NEW ACCOUNTS, TRANSFERS & DISCONTINUATION OF SERVICE

City staff will provide customers with an application to complete in order to establish utility services. This form can also be found on the City's website at the following weblink.

<https://www.ci.sebastopol.ca.us/SebastopolSite/media/Documents/Resolutions/UB-new-service-application-Fillable.pdf?ext=.pdf>. The form will clearly state the applicable fees and deposit requirements. Customers will be responsible for utility charges until the customer requests to discontinue service or until a new application is received for services at the address. The property owner of record will be held responsible for any utility use that occurs on an inactive account.

#### 2. DEPOSITS & FEES

A one-time new water service fee will be billed to your new account, based on the City's current Master User Fee Schedule. This fee can be paid up front or when your first water and sewer bill is due.

Landlords and property managers requesting service in their name between renters may fill out a Read and Transfer Services form to waive the new service fee between tenants. This form can be found on the City's website at the following weblink.

[https://www.ci.sebastopol.ca.us/SebastopolSite/media/Documents/water\\_swer\\_utility/Read-Transfer-Service-Form-Fillable.pdf?ext=.pdf](https://www.ci.sebastopol.ca.us/SebastopolSite/media/Documents/water_swer_utility/Read-Transfer-Service-Form-Fillable.pdf?ext=.pdf)

Utility deposits are not required when starting utility services.

- ❖ Deposits may be required from customers with delinquency disconnections. The amount of the deposit will be 2 times their average bi-monthly bill. This amount will be determined by using the average cost of 6 billing cycles. A deposit will be required at the discretion of the Administrative Services Director or designee.
- ❖ A deposit collected for delinquency may be refunded with customer retaining 1 year of good credit on account. Payments must be made on time to establish good credit.
- ❖ Deposits on closed accounts will be applied to the billing and any credit balances will be refunded to customer.

### 3. BILLING & BACK BILLING

City staff will prepare and generate bills on bi-monthly cycles. Bills will be mailed on or before the 5th day of each month and are due on the 5<sup>th</sup> of the following month. It is the customer's responsibility to contact the City if they do not receive a bill. Failure to receive the bill does not relieve the customer's responsibility for payment.

It is appropriate to bill for charges to customers that have not been billed for services, due to billing error or oversight. These unbilled charges are not to be treated as overdue unless there is evidence of intentional fraud.

- a. Time Frame - Absent fraudulent actions on the part of the customer, back billing shall be limited to two (2) years.
- b. Repayment Schedule - The standard repayment schedule in cases of back billing shall be equal to the duration of missed billings. For example, if a customer is back billed for 6 months of unbilled services, the standard repayment schedule is 6 months. Exceptions to this rule require approval of the Administrative Services Director or designee. Upon account closure, any outstanding back billed amount shall be due and payable with the final regular billing.

It is appropriate to issue refunds to customers that have paid for services not received. Most often this is the result of incorrectly billing a customer that is on well or septic and is therefore not using the City's utility system. Refunds for service charges collected for which no service has been provided must be made in accordance with § 53082 of the California Government Code.

- a. Time Frame – As established in California Government Code § 53082(e), all claims for fees paid for services not received must be filed within 180 days of the date of payment. This requirement effectively limits the refund period to a maximum of 180 days.
- b. Repayment Schedule - Refunds for fees paid in excess shall be made in full within 30 days of final determination of refund eligibility.

### 4. LATE AND/OR RETURNED PAYMENTS

If a utility bill becomes past due after the 5<sup>th</sup> of the following month of bill date, or next business day, a 5% late fee will be assessed on the unpaid balance. Late fee waivers will be made in accordance



with the Water Shutoff Protection Act. Staff may provide a one-time waiver of a late fee for an account in good standing at the request of the customer. Any additional waivers may be granted at the discretion of the Administrative Services Director or designee on a case-by-case basis.

If an account is delinquent more than 45 days an Issuance of 48-Hour Notice Fee will be charged in accordance with the City's current Master User Fee Schedule. If water is turned off for non-payment and service needs to be turned back on after payment of Non-Payment Shut-off, a fee will be charged in accordance with the City's current Master User Fee Schedule.

All returned payments are subject to returned check fees as outlined in the Master Fee Schedule. Payment for a returned check or electronic fund payment (ACH) may not be made with another check. A second returned payment in 12 months will make the account ineligible to make check and electronic fund payments for 24 months. Returned payments on delinquent notices and alternative payment arrangements will result in immediate termination of service and require payment in full before restoration of service. Any returned payments, except for bank errors that exceed \$500 will be reviewed by the Administrative Services Director or designee and may be referred to the City Attorney for investigation.

## 5. LEAK CREDITS

The water service connection, including the meter and the meter box and all distribution lines, will be repaired and maintained by the City at its own expense. The City, however, shall not be responsible for the installation and maintenance of water lines beyond the end of its service connection.

On rare occasions, a leak may occur as a result of a crack, breach, or flaw in the property owner's system and in certain conditions, the City will grant a limited leak credit.

Important information to consider:

- ❖ The water leak must not have occurred as a result of a willful or negligent act on the part of the customer.
- ❖ Customers must make a written request for a leak adjustment using the attached form and explain the cause of the leak, where the leak occurred, and all other relevant factors.
- ❖ **Proof that the leak was fixed is required.** Normally, this will be copies of receipts from the repair person or company, or supply receipts. The customer must be able to demonstrate that the repair was made within a reasonable time.
- ❖ The water usage must be two hundred percent (200%) or more of the normal usage based on the last twelve (12) months.
- ❖ Water leak credits are limited to \$250.00 and only one (1) credit will be granted during the life of the account.
- ❖ To determine normal usage, consumption will be averaged using the previous twelve (12) months and one billing cycle of water consumption after the leak has been fixed. If the account is new and does not have a full year of history, the Administrative Services Department staff will estimate average consumption based on available history, usage of similar residences in the neighborhood, and any other relevant factors.
- ❖ The decision to grant a leak adjustment shall rest solely with the Administrative Services Director or designee whose decision is final.

The process:

- ❖ Once your leak is repaired and you believe you qualify for a leak adjustment, complete the Residential Leak Adjustment form that can be found on the City's website or you can request a form by calling (707) 823-7863 and mail or email form to the Utility Department at City Hall at [customerservice@cityofsebastopol.org](mailto:customerservice@cityofsebastopol.org).
- ❖ Staff will review your request using your water use history. Your water history activities will be used to determine usage resulting from the leak.
- ❖ Staff will calculate the adjustment, and if eligible, will submit all required documentation to the Administrative Services Director for review. Leak adjustments will not be credited to accounts until water use analysis is complete.
- ❖ Once approved or denied, a copy of the Residential Leak Adjustment Request form will be mailed to you.
- ❖ Please submit the balance due by the due date on your bill to prevent the assessment of penalties.



# LEAK ADJUSTMENT REQUEST

7120 Bodega Ave, Sebastopol, CA 95472  
Phone: 707-823-7863 Fax: 707-823-1135  
[www.cityofsebastopol.org](http://www.cityofsebastopol.org)

### REMEMBER:

- Complete the entire form
- Attach Copies of Receipts
- Mail or deliver to City Hall

**CUSTOMER INFORMATION: Enter all information below.**

Name on Account \_\_\_\_\_ Account Number \_\_\_\_\_

Service Address \_\_\_\_\_  
(Cannot be P.O. Box)

Contact Phone \_\_\_\_\_ Alternate Phone \_\_\_\_\_

Mailing Address (if different than above) \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**LEAK REPAIR INFORMATION: Enter all details below.**

Date Leak Discovered \_\_\_\_\_ Date Leak Repaired \_\_\_\_\_

Description of the Leak and Repair \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RECEIPTS:**

Copies of receipts for any materials or services related to the repair must be attached and are required for this request to be considered.

Briefly describe the receipts attached. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SIGNATURE	OFFICE USE ONLY
-----------	-----------------

<p><b><i>I understand that by completing this form it does not guarantee an adjustment will be made to my water bill. All adjustments are issued based on average usage for previous account history and are credited at a reduced rate for water loss only. It is my responsibility to make payment to the utility department of my balance due bringing my account current or penalties may be assessed if payment is not delivered timely.</i></b></p> <p><b><i>I have read, understand and agree with the leak adjustment guidelines.</i></b></p> <p>Signature of Account Holder _____</p> <p>Printed Name _____ Date _____</p>	RECEIVED DATE STAMP
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**CITY OF SEBASTOPOL UTILITY DEPARTMENT USE ONLY**

Approved By \_\_\_\_\_ Date \_\_\_\_\_ Adjustment Amount \_\_\_\_\_ Adjustment Made By \_\_\_\_\_ Date \_\_\_\_\_

Denied By \_\_\_\_\_ Date \_\_\_\_\_ Reason for Denial \_\_\_\_\_

Customer Notified Date \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL APPROVING THE UTILITY COLLECITON  
POLICY/PROCEDURES

WHEREAS, the City of Sebastopol commits to make every effort to provide the highest level of customer service available to over 3,000 utility customer accounts; and

WHEREAS, City Staff is here to serve the citizens of the City of Sebastopol and will endeavor to treat every customer equally and fairly; and

WHEREAS, in an effort to provide City staff the tools to manage the billing of utility services its citizen accurately, promptly, effectively and in the best practice manner, this policy will help guide staff how to handle event that arise from billing such as:

1. New Accounts, Transfers, and Discontinuation of Service
2. Deposits & Fees
3. Billing & Backbilling
4. Late and/or Returned Payments
5. Leak Credits

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Sebastopol does hereby approve the Utility Collection Policy/Procedures.

The above and foregoing Resolution was duly passed, approved, and adopted at a meeting by the City Council on the 20th day of December, 2022.

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by City of Sebastopol City Council following a roll call vote:

**VOTE:**

Ayes:

Noes:

Absent:

Abstain:

APPROVED: \_\_\_\_\_  
Mayor Neysa Hinton

ATTEST: \_\_\_\_\_  
Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: \_\_\_\_\_  
Larry McLaughlin, City Attorney